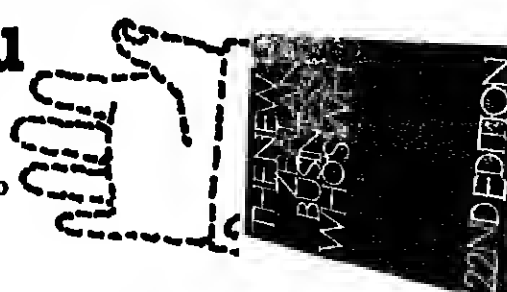


We'd like to introduce you to a potential partner.

The latest, 22nd edition of The New Zealand Business Who's Who — an invaluable business partner of the silent (but never sleeping) variety — is now available. To ensure your copy while limited stocks last, simply fill in and mail the Fourth Estate Subscription Service coupon elsewhere in this issue.



Corbans Premium seal...



Liebestraum — 5th International Wine Competition 1980. Awarded Diploma and Gold Medal — Milano.

a reflection of your good taste.

Corbans Premium Seal is much more than mere decoration.

It is your assurance that every bottle has been vinted from grapes alone, thereby meeting the highest winemaking standards

set down under statute in 1980.*

The significance of Corbans Premium Seal is obvious to your palate. Clean, crisp and fruity whites. Soft and mellow reds. Premium wines in every respect.

* H.M. Government regulations April 1980/73.

Corbans Premium seal — the envy of other winemakers.

©1981 © Copyright 1981, Corbans Wines Limited

Industrial design

Snips snap markets and design awards

by Ann Taylor

SNIPPING, clipping and peeling would hardly seem an integral part of any growth strategy. But the success of Delta Plastics' ear-tag exports has a parallel in Tullen Industries' plastic snips which are enjoying a place in the kitchen as lauded as the famous New Zealand potato-peeler.

Tullens was started in 1971, and in 1972 owner John Hough developed the snips. The product which now markets in four variations — kitchen cutter, work cutter, "safe" snips and a multi-purpose snip — has a market presence in 33 countries.

The product was not available in this country until 1975 and 85 to 89 per cent of the present annual production run of 1.6 million units is exported.

The main markets for the range are in Australia, Britain and "sections" of the United States.

Three of the snips from the marketing-oriented company have designmarks and all three have been put forward as contenders in the Prince Philip Award.

Marketing manager Barry Robb said the designmark is used in export packaging and for the local market, but internationally he says it has not done a lot for the product, partly because many are exported in bulk.

"Strangely, though, the Japanese are quality-conscious and impressed by awards and respond positively to the designmark."

"In most other markets it has not really contributed and here it depends on the strength of the consumer reaction. If consumers have a negative reaction then it doesn't have appeal to manufacturers and if consumers were positive then the IDC would have manufacturers striving a lot harder to achieve recognition," he said.

reiterating IDC director Geoff Nee's concern that the consumer appeal designmark has not really been ascertained. The three main products are all the result of consumer research and market segmentation.

The original snip was a multi-purpose one and "as we advanced we took interest in specific segments of the cutting market."

"In 1977 we did research in the kitchen of female market and determine the cutting problems experienced with conventional snips that our products were satisfying. We went back to the drawing board and designed the kitchen cutter."

The market research snips has all been done in country but as Robb says, are common denominators: most Western countries at packaging and advertising changes from country to country.

Next on the marketing agenda is to employ comics overseas to audit our performance and "see where we're going, right or wrong."

The same approach is taken with the work aimed principally at the designmark.

Hough, who served as an accountant. While working for whiteware manufacturer Fisher and Paykel he took interest in mass-production engineering. He designed and developed the product as sensed that marketing was needed.

Characteristic of the snip took himself off to make, overseas and employed as the speakers. Steve Bridges, now marketing professor at Massey University and a member of the IDC.

Bridges left Tullens in 1975 but marketing is still "aggressively employed."

Robb said the company, in export. "The local market in which we already have 85 per cent of the products sold for over 21 people, is stagnant."

"Tullens' Penrose, Auckland factory employs 82 people. The large majority are in the production area; the marketing count is low. Even in this country, Robb said, "we have an agent who deals with the interface."

The company has "high priority status," bestowed by the Minister of Trade and Industry, which means a local content has to contain 15 per cent.

Tullens has had the benefit of DFC funding for its product development programme and uses the commissioner services to increase market penetration.

DON'T MISS HORTICULTURE 81

Wellington Show Buildings
15th—20th September
Special Trade Days
15, 16, 17 September
Free Admission to trade guests
For further information ph: 04-896-1111

NATIONAL BUSINESS REVIEW

Incorporating Admark and NZ Data Processing

\$1.00

Inside

THE WEEK

Lastman logs reviewed — Page 2
Producer boards into merchant banking — Page 3
FM hopefuls hold off — Page 4

COMMENT

Liberal, Bowler's view, Without words of the — Page 6
Lions, barbed wire, a balanced view — Page 7
Lions to the editor — Page 8

POLITICS

After the barbed wire, other bars — Page 9

ECONOMICS

Government policies fail to land punch — Pages 10, 11

FINANCE

The insurers dig in — Page 13
The business week — Page 14

STOCK EXCHANGE

A weekly review of the share market turnover — Page 15

OVERSEAS TRADE

Tying up that knif, aside from drug watch — Page 17

BUSINESS

Airwork flying low? — Page 19

ELECTION WATCH

The politics of industrial strife and the advertising of politics — Pages 21-22

ADMARK

The PM and pleasure — Page 23

CORPORATE STRATEGIES

How Grand Met operates — Page 25

TAXATION

Fine print of the Budget — Page 26
Recording industry's lament — Page 27

MINING

The 'pros', more 'cons' — Pages 28-31

TRANSPORT

Who's chipping in for logging roads? — Page 33

ENERGY

Opac at the crossroads — Page 34

DATA PROCESSING

Systems B1 and the micro-mini debate — Pages 35-39

RETAILING

Chain-store computers — Page 40

by Klaus Sorensen

NEW Zealand could be on the verge of winning a milestone battle with the United States over export incentives and primary produce subsidies.

Fears have been building — particularly in the forestry industry — that the inevitability of New Zealand signing the Code of Subsidies agreement which is part of the General Agreement on Tariffs and Trade, will mean the death knell for direct export incentives.

But NBR understands from

Way seen to beat Gatt subsidy ban

top trade sources that New Zealand may still be able to win important concessions out of the Americans which will allow export incentives to continue in their present form at least until their planned 1985 expiry. Recent trade negotiations have taken place with the intention of reaching an agreement with the United States over subsidies — so that New Zealand can become a Code of Subsidies signatory.

But surprisingly it seems New Zealand has refused to dismantle its export incentive schemes — arguing they are a legislative fact — and the Americans have apparently

shown some sympathy for this approach. And local trade negotiations are said to be confident of success.

New Zealand's export incentives have been put under scrutiny in the United States. Last year the Palmerston North animal ear-tag manufacturer Delta Plastics found itself

up against the US Commerce Department following a complaint from an American manufacturer that its trade had been unfairly injured by the imported Delta ear-tags — which it claimed should be subject to countervailing duties to balance the alleged production subsidies from the New Zealand government.

At the moment the United States Commerce Department is investigating alleged subsidies on imported New Zealand lamb following a petition claim for countervailing duties to be imposed on the New Zealand product.

New Zealand needs to sign the Subsidies and Countervailing Duties Code because of US domestic regulations concerning petitions under Gatt rules.

Through a Gatt member New Zealand has found that petitioners against New Zealand produce and subsidies only have to prove the subsidies exist.

But when, and if, New Zealand becomes a signatory to the Gatt Code of Subsidies — which is one of a number of multilateral codes established at the almost infamous 1979 "Tokyo Round" — American competitors will have to respect their complaints to the "injury

Continued Page 12

Packing the product...what label?



On 2nd June 1981 the "Columbus New Zealand" introduced container shipping to this country.

By the time the economy began to benefit from our new trading partners, Hogg Robinson, Insurance Brokers, had chalked up 130 years of international trading.

Today, Hogg Robinson (NZ) Ltd offer this vital aspect of New Zealand's economy, the benefit of their international experience and expertise as insurance brokers.

Insurance has developed into a complex and sophisticated business requiring an insurance broker to have, not only a thorough understanding of the insurance world but more

important, a complete and thorough understanding of their client's business.

These are the understandings that Hogg Robinson have developed over the last 1 1/2 centuries. Understandings available to New Zealand commerce. Understandings that some leading New Zealand companies have benefited from.

HOGG ROBINSON

International Insurance Brokers
Auckland, Wellington
and 32 other countries.

Taxman moves in

by Alan Parker

THE taxman is clamping down on "Queen Street farmers" — high-income salary earners trying to escape hefty tax bills by investing in horticultural farming.

An instruction has gone to Inland Revenue regional offices that applications for special tax codes by city-dwelling horticulturalists be policed more thoroughly.

If necessary, they have been told, they should call in farm experts from the Ministry of Agriculture and Fisheries to vet the development proposals.

The crack-down follows several cases in which the department has claimed back

tax revenue totalling hundreds of thousands of dollars.

Now, according to a departmental spokesman, "we are going to have to be more thoroughly convinced that the development proposals put to us for special tax code arrangements are genuine farming activities and that they will be economic units after the farm development is over."

Coincidentally, news of the tightening-up came in the same week Opposition leader Bill Rowling promised a Labour Government would be far more severe on these so-called "Queen Street farmers."

The Inland Revenue move is against individuals within the

Continued Page 3

Tasman 'substitute' log exports spark off new row

by Ann Taylor

THE ANOMALY of Tasman Pulp and Paper's log trading arrangements — virtually exporting state wood "by proxy" — surfaced again last week, along with the prospect of shortages of state timber reaching critical proportions.

State and private interests at the Forestry Council conference in Wellington failed to resolve their different approaches to log exports — amid the realisation that state forest output has reached a peak for the rest of this decade. In this climate, the export log "substitution" practised by FCL subsidiary Tasman came in for renewed questioning, after upward renegotiation of the price paid to the Government for log supplies had defused criticism earlier this year.

During the 1960s and 1970s processing plant was built up while the amount of wood available rose. The 1980s supply plateau will not start to lift until the 1990s. There is therefore, going to be increased competition for the state resource — and the supply situation which some call "critical".

Tasman was the only large forestry company represented on the working party which has spent the last six months examining the sale of state wood. A spokesman for the Forestry Council said nominations had been called from the first session of the conference in March.

"We weren't interested in where they came from. We were interested in those that could do the job and the sale of state wood is a fairly technical area which needed people who understood it," he said.

The working party agreed that log exports from both the state and the private sector should continue.

Where the volume of logs arising from the private sector was too small for the purposes of adequate shipping arrangements then the logs should be exported either through the Forest Service or other major exporters, as appropriate," it said.

The working party concluded, though, that buyers of state wood should not be allowed to export state forest logs.

The Forest Service in its draft management policy for state exotic forests maintained the status quo: that "log exports should continue from both the state and the private sector. Buyers of state forest

wood will not be allowed to export logs from the same region unless specific approval has been given by the Forest Service."

Under most sale documents the state has the right to cancel or proportionately reduce the state quota to a company that is exporting logs from its own region and a clause to that effect is included in every sale document except Tasman's.

Before the Fletcher Challenge merger Fletchers sold its Taupo saw mill to Tasman, which supplied the mill with state logs while Fletchers went on exporting logs from its own forests.

While everyone is aware of the anomaly, under the contract, nothing can be done except by mutual agreement of the two parties.

During the March session Tasman renegotiated its stumpage costs (the price of the wood in the ground), announced by Prime Minister Rob Muldoon, but the Taupo anomaly remained intact.

The sawmilling industry expressed its belief at last week's conference that the current level of log export trade is too high and should not be maintained if the raw material requirements of their growing industry cannot be kept up.

Tasman managing director Carl Ryan said "when there is a shortage of sawlogs, exports should be minimised. In any event, we have to reduce substantially the level of export logs because of the need to retain them for domestic production."

He acknowledges the anomaly in Tasman's contracts with the Forest Service but said "we have already decided that we will reduce log exports to just nominal levels so it will no longer be a problem."

Ryan told NBR "there has been a lot of work put into developing the forest market. We believe that it should not be thrown away; even if we reduce the volume we have to keep the flow to the Japanese market."

"If we just cut off log exports

there is a school of thought that we would force the Japanese into being better buyers of sawn wood. But we can't dictate to the customer, and Japan could get supplies from Russia, or Chile."

"I don't think those who are critical of us realise that we must keep a nominal volume flowing," he said.

While Ryan says it is "those who have not got anything to export" who criticise the contract, Richard Carter of Carter Holt counters that the difference comes as a matter of company policy.

"We are determined to keep those logs for added value domestic processing. If Tasman were to come out in the open and say we had no logs to export I would refer them to the March 1980 document which sets out the volumes of logs we have available for export and which was used as the basic rationale for the attempted takeover."

Carter questioned the working party's thinking on the sale of state wood and M D Malloy,

of the Farm Forestry Association, who chaired the session, said he interpreted it to protect the "small guy who might get pushed out by the large foresters."

Forest Service director-general Mick O'Neill says the original Tasman contract was signed before there were any log exports, and because mutual agreement has to be made before any changes are made it cannot be altered.

"The only way the Government can opt out of such a contract is to buy out," he said. "It's a situation we're not very happy about, but there is nothing we can do about it."

New Zealand Forest Products managing director Dag Walker prefers not to point the finger at Tasman. He told NBR "it may be necessary to allow them to fulfil existing contracts," a situation Forest Products found itself in when it bought PTY from Wintec.

Forest Products terminated some of its export log sales when it started to draw wood from the state forests.

Producer boards join French in merchant banking

by Klaus Sorensen

THE Wool Board and the Dairy Board are almost certain starters for shareholdings in a new merchant bank to be set up in New Zealand. The two producer boards will be joined by two large New Zealand companies to form the local shareholder in the Indo Suez merchant bank.

The parent company, Banque de l'Indochine et de Suez, will hold 70 per cent of the shares in the yet-to-be-incorporated Indo Suez NZ Ltd, with the four local shareholders probably each holding 7.5 per cent of the remaining capital.

The big attraction for the producer boards and the two corporate shareholders — as yet unnamed but understood to be major exporters — is the Indo Suez group's extensive representation in North African and Middle East countries. This should prove an important centre for the New Zealand exporters.

The benefit of the local shareholdings for Indo Suez should be a relatively easy passage through the Overseas Investment Commission approvals procedure.

The bank is likely to open its doors on Wellington's The Terrace some time in November and is currently advertising for staff and conducting interviews.

Indo Suez NZ Ltd will specialise in trade financing and foreign exchange dealing, but will also have a small involvement in the local commercial bills market.

The merchant bank will be managed by a Frenchman, who was formerly posted in Indo Suez Bahrain operation, and will employ 10 local staff.

When the French group decided to set up in Wellington offices of shareholdings were made to the three main producer boards.

Dairy Board spokesman Neville Martin continued last week that the board had decided to take a shareholding in the new merchant bank. It was only a "modest

shareholding", according to Martin, though he was not prepared to say what size.

"Our objective is not to get into merchant banking as such but we want to use the bank as an entry to the Francophone countries such as the French West African areas and the Cameroons — marketing dairy products in these areas has always been an uphill push for us, but the opportunity Indo Suez presented to us has been deemed worth the board's taking advantage of."

Martin said he believed the Wool Board would be another shareholder. Wool Board managing director Hugh Peirse told NBR last week he could not answer any questions about the board's taking a shareholding in the merchant bank, "because we've got a board meeting coming up."

However the matter had been raised, said Peirse, and he agreed it was "still under consideration."

But Meat Board secretary Milt Calder said his board

would not be involved in the new company.

The board had received an "initial visit three or four months ago."

"We considered that the proposals didn't meet the criteria that we were required to consider for such an investment." But unlike the Dairy Board, the Meat Board couldn't see much benefit in any association, according to Calder.

There have been fears in Wellington banking circles that the Wool and Dairy Board's association with Indo Suez could rob the two boards' existing bankers of business.

But Martin told NBR that, as

far as moving its business over to Indo Suez was concerned, "there is no commitment at all in that respect."

"The New Zealand bankers won't lose anything; it's a shareholding without commitment and our dealings with Indo Suez will most likely only relate to the Francophone areas."

"The Dairy Board will keep most of its international trade financing with its present bankers — and its principal banker, the Bank of New Zealand."

The Indo Suez banking group is controlled by the giant Compagnie Financière de Suez

— one of France's largest trading concerns — and the move into New Zealand, though puzzling to some, is in fact a logical extension of the group's South-east Asian branch network.

Indo Suez has over 40 branches worldwide. It has been established in Hong Kong for 100 years, Singapore for 75 years, as well as having branches in Dacca (Bangladesh) Kuala Lumpur, Jakarta, Vanuatu, New Caledonia and Sydney.

The Suez banking group ranks 20th in terms of size outside the United States, and 70th worldwide.

Taxman on to 'Queen St farmers'

From Page 1

PAYE system — airline pilots, salaried accountants, senior company executives and so on.

With high marginal taxation, many of these individuals seek tax-avoidance investments to reduce their taxation liability.

Genuine farm development costs are tax-deductible and the department is concerned to ensure these are not used just as an opportunity to turn what would normally be taxable income into tax-free capital by claiming developmental expenses.

distate, then selling the farm once developed.

There is a safeguard within the tax system. Such farms cannot be sold within five years of the investors' wish to retain their special tax code status, which allows them to claim development costs against their regular salary.

However, the department has been alerted by a number of sales within that five-year period and others just after the five years have elapsed.

In the instances of sales before the five-year period of grace the department admits it "had a big problem" collecting back taxes.

"With the benefit of hindsight, perhaps if we had had closer guidelines we would have realised there was a strong possibility that some properties might not have been kept after development," said the spokesman.

He said that such closer scrutiny in future might reveal situations where proposed budgets of production estimates might not be achievable on the proposed property because of unfavourable soil or climatic conditions.

Other properties put forward for horticultural development might be close to town boundaries and more suited for urban subdivision rather than kiwifruit or berry growing.

The new guidelines, the department hopes, will ensure such 'suspicious' proposals are isolated before special tax code status is granted.

Agriculture and Fisheries advisors will be asked to check proposals and give a critical, experienced assessment.

District tax commissioners have already been briefed about the new guidelines and are now passing the instructions to inspectors in regional offices. The department expects to publish details of the new system in a public information booklet shortly.

Week that was

ENERGY Minister Bill Birch told Parliament he would sever connections with a Coronian land company in which he was a shareholder and director. TV's *EyeWitness* revealed the company's land was part of a block for which mining giant Amoco has been granted a prospecting licence by Birch's department. Birch agreed his role was incompatible, but said he had not been involved for several years in the company's affairs and was unaware of the prospecting licence.

PENFOLDS Wines NZ Ltd postponed its \$2.4 million share float and earlier filed a claim for more than \$20 million damages against Penfolds of Australia over statements made in the wake of Health Department seizures of its bulk wine. DRIVERS gained a 9.3 per cent wage increase but advocate Rob Campbell said the increase should not be a trend-setter. Next, the metal trades and electrical contractors' negotiations. SKYBUS still had plenty of formalities to complete before it could hope to carry passengers, said Prime Minister Rob Muldoon.

Week to be

MONDAY: New Zealand Road Transport Association conference, Auckland.

HANZ Annual conference, Queenstown, to Friday.

United States Agricultural Equipment Show, Hamilton.

TUESDAY: Association of Bakers conference, Christchurch, to Friday.

Townswomen's biennial conference, Wellington, to Thursday.

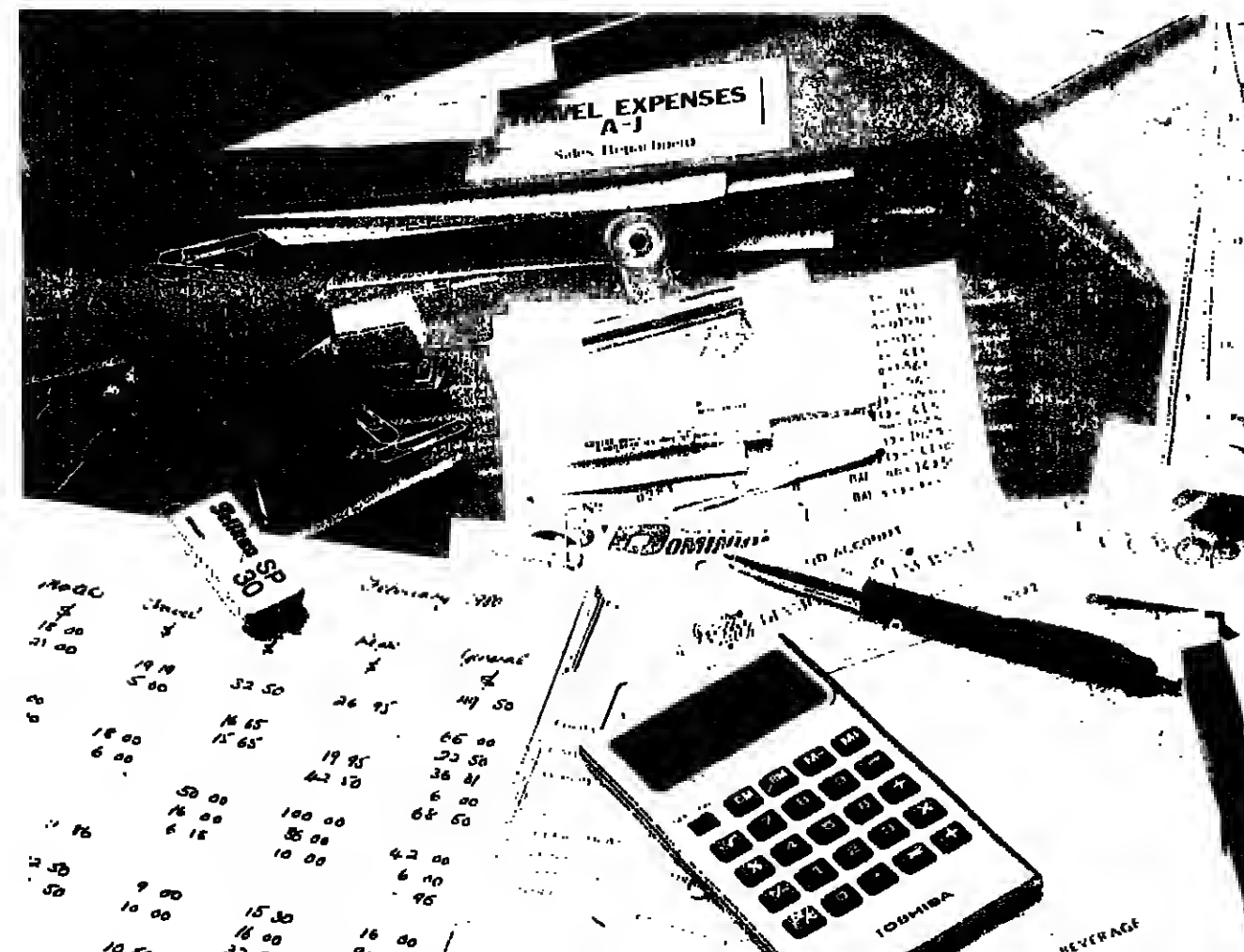
WEDNESDAY: Wool Merchants Federation conference, Hastings, to Friday.

THURSDAY: Orthodontic Society conference, Christchurch, to Friday.

Record Retailers Association conference, Rotorua, to Sunday.

NZ Convention Association conference, Invercargill, to Sunday.

FRIDAY: Airwork (NZ) Ltd AGM, Christchurch.



Accountant's Nightmare

Expense accounts, credit cards and petty cash

A MASS OF expense accounts, individual charge accounts and petty cash vouchers to verify travelling and entertaining.

All arriving at different times with different payment deadlines. Which ties up cash that could be working more profitably elsewhere.

The system to streamline expense reporting

The American Express Company Card System means you use one card instead of many. It's the business

partner of the world's most respected travel and entertainment card. A system to standardise, unify and simplify expense account reporting. So you get one monthly account instead of a mass of bills. And that's an accountant's dream.

One organised account with signed charge forms clearly stating who spent what, when and where.

In addition, you get a complete management summary sheet. Called MAC, it's a Monthly Account Control Report that tells you the expense activity of each Cardmember at a glance.

All this saves administrative time,

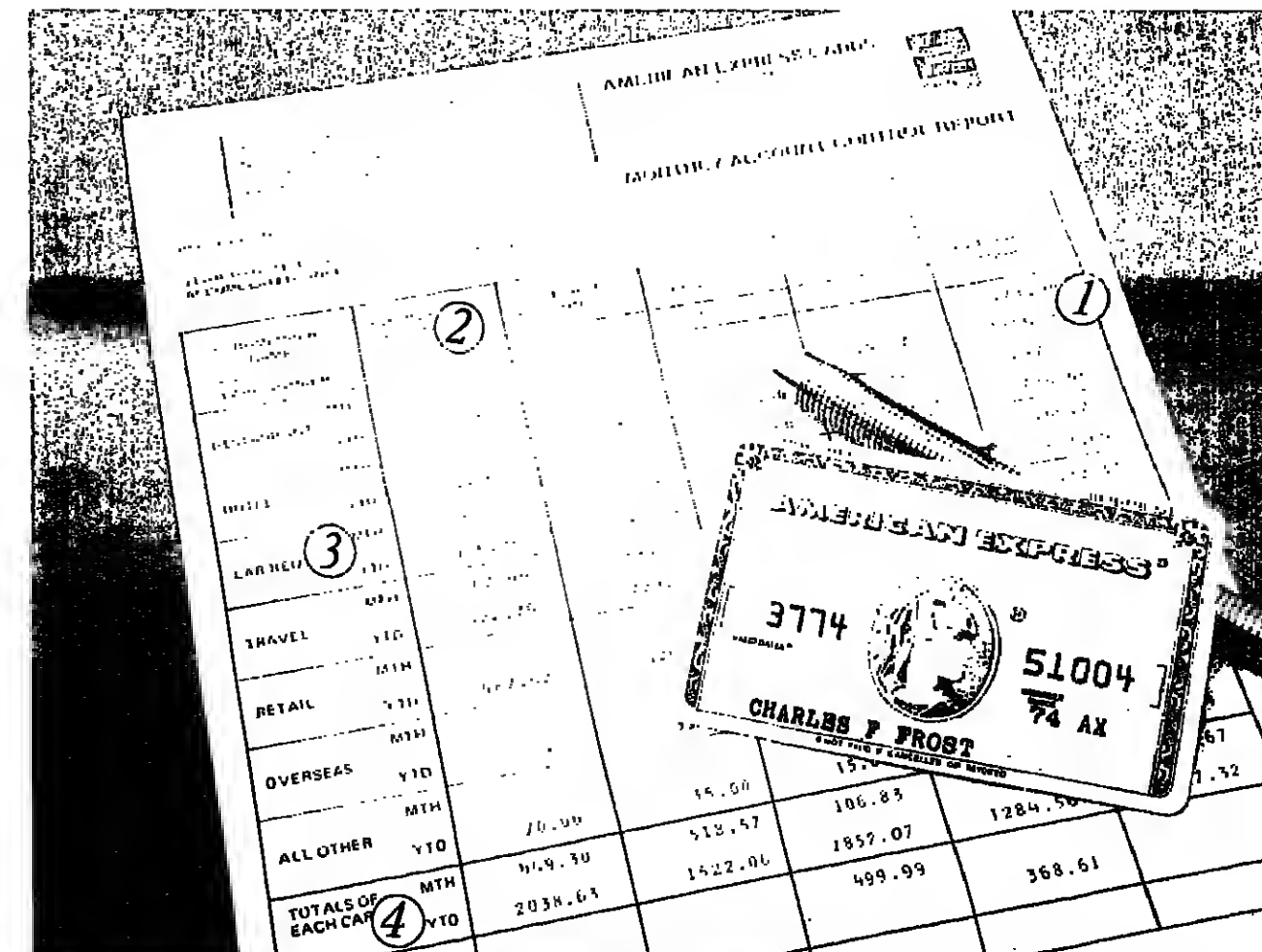
while providing information for management decisions.

The System to improve cash flow

First, you can eliminate a significant number of cash advances.

Second, the American Express Company Card System generates a substantial, positive float. Cash funds, once advanced, are for all practical purposes spent.

Payment isn't made until you are billed, allowing your company use of the money longer. This money can be put to more profitable use elsewhere — and it can be a significant amount.



1. Monthly and YTD totals. 2. Charges separated for each card-holder. 3. Type of charge. 4. Card-holder's YTD expenditures.

Accountant's Dream

The American Express expense control system

The System to help your employees

The American Express Company Card System makes expense reporting easier for your employees as well as your accounting department, in a number of ways.

For example, they need the card that is accepted at major Europe, fuel stations throughout New Zealand — as well as hotels, motels, restaurants, airlines and rental agencies in New Zealand and around the world.

Their own expense reporting is simplified.

The System also provides them

with the freedom and flexibility to handle unexpected business events. They can alter travel plans without waiting for additional funds which could prove embarrassing at worst, inconvenient at the very least.

The System to fit your company

American Express do not designate who in your company should carry a Card. All employees you feel need a Card will have one.

We will be happy to show you further facts, figures and projections on what the System can do for your company.

To: American Express, P.O. Box 2005, Auckland.

Please send me full information on your Company Card System.

Company Name

Address

Contact Name

Business Phone No.

THE AMERICAN EXPRESS COMPANY CARD SYSTEM

Mortgage Funds Available for Commercial and Farm proposals.

Minimum amount \$200,000. Only prime proposals considered. Strict confidentiality observed on all applications.

Apply to: Mortgage Brokers Ltd, P.O. Box 1209, WELLINGTON.

The pick of the computer contracts is just a Foote away.

That is, just an Ian Foote away.

Ian, a major account manager with Australia's biggest contract agency, Idaps People, will be in Auckland on September 21st and 22nd.

He'd like to talk to analysts and programmers about setting up a N.Z. branch of Idaps People.

He'd also like to discuss some of the fantastic contract opportunities available in Australia.

With branches throughout Australia, and the U.K., Idaps People is certainly worth talking to.

And Ian Foote, is the person to talk with.

Call him at the Downtown Travelodge in Auckland, on 77-0349.

idaps people
PTY. LTD.

كانا من الاشجار

The week

Radio interests hold back for full report on FM

by Warren Mayne

BOTH state and private radio interests are eagerly awaiting tomorrow's release of the "FM Broadcaster's Bible" before assessing Broadcasting Minister Warren Cooper's announcement that applicants for two FM radio stations in Auckland will be heard before Christmas.

Cooper won praise for promptly acting on the Broadcasting Tribunal's report on introducing FM (frequency modulation) stereo radio. His go-ahead for the first commercial applications came only six days after the report was delivered to the Government, just one day later than ordered.

But his announcement relates directly to only one of the 40 recommendations in what insiders say is a most comprehensive report covering all aspects of FM development. And his statements caused more problems than they resolved.

Radio New Zealand sources declined to be drawn on what proposals they would put to the Auckland warrant hearings, from which Cooper wants a tribunal decision promptly in the new year.

The matter was discussed briefly at the Broadcasting Corporation's monthly board meeting, the day after the Cabinet go-ahead.

But state broadcasting sources see Cooper's actioning of applications for commercial

stations in Auckland a full week before the full report is available to the public as a political move.

The Minister himself emphasised the urgency of starting FM in Auckland, the centre where the most interest had been shown, especially among younger people.

This eve-of-election decisiveness recalled to many the speed with which the first private radio applications in Auckland were disposed of in 1969, enabling pirate Radio Hauraki to come ashore legally, along with Radio 1, which until then had been contracting time on 12M.

The full tribunal report is expected to detail provisions for RNZ to provide eventually a nationwide minority-interest stereo music programme — effectively moving the existing YC concert programme off the AM band and widening its

coverage beyond the major cities.

Cooper also suggested that RNZ should consider FM for future proposals to provide the smaller centres with community "mini-stations".

But he also suggested another, and potentially profitable course for RNZ — applying for one of the two commercial warrants in Auckland and moving its ZM pop station over from AM to FM. This, presumably, would follow in the ensuing Wellington and Christchurch hearings.

The moving-over of 12M from AM to FM fits in with another major point which Cooper emphasises — FM will be strictly "substitution" rather than add-ons.

The Minister said he did not want to see new commercial stations competing with the existing number of outlets chasing fewer advertising dollars

Both RNZ and its major rival in the Auckland market, Hauraki, agree that five commercial stations among the seven present AM outlets are as much as the market can support.

For this reason RNZ will probably have to consider moving both the classic music YCs nationally and the youth-oriented ZM rock stations in the three major centres to FM, a high-fidelity, stereo-capable spectrum ideally suited for music formats.

But the biggest confusion is Cooper's extension of the "substitution" policy in such a way — at first glance anyway — as to prejudice one of the three major categories of potential FM applicants.

Cooper said applications for the two Auckland warrants would be open equally to RNZ, existing private operators and newly formed broadcasting

companies. But he interpreted the tribunal's commonly expected ban on "simulcasting" (carrying the identical programme on both AM and FM simultaneously) as extending to a complete ban on any company owning both an AM and a new FM station.

Australian experience — as Cooper acknowledged — showed that FM took several years to catch on with listeners, most of whom would have to get new receivers. But he conceded there would have to be a transition period before an FM operator would be required to give up its AM station.

The question is — how long, and consequently how much of a loss period would contenders such as Hauraki, Radio 1, Wellington's Windy and Christchurch's Avon be expected to carry.

Tribunal chairman Bruce Slane declined to be drawn on

the contents of his report, but some broadcasting sources suggest that AM stations awarded FM warrants would be given an initial four-year warrant, during which period they would have to run two separate stations on each band.

After four years, according to this scenario, the AM warrant would expire and might be put up for new applicants.

Hauraki station manager Derek Lowe, commenting on this possibility, told NBR he would be prepared to recommend to his board that the station apply for FM on such a basis.

"We don't really know where we stand until we see the full report, but we're interested. Sure, running two stations at once for four years would be more costly, but then we sustained a loss period from 1970 to 1976 before becoming profitable and we have the reserves to put into such a venture."

Lowe, however, believes new companies chasing the Auckland warrants have been given an advantage with the Government directive for the tribunal to start hearings in less than three months.

"A newcomer can concentrate on getting its case together; existing operators have to keep on running their stations, all the more so as we're just going into a vital McGair audience survey period," he said.

by William Hobbs

THE Australian giant, CSR, seems determined to avoid the problems faced by Winstone-Samsung when it enters the New Zealand timber-processing industry towards the end of 1983.

After a two-year feasibility study, CSR and its New Zealand partners, H Langert and Sons of Nelson, have confirmed they will proceed with the pulp mill near Nelson and

Learning from Winstone

start construction early next year, subject to final approvals from the consents and Government agencies.

But there has been a significant change to the \$150 million proposal since it was first announced.

The original scheme was for an integrated saw mill and a 300-tonnes-a-day thermo-mechanical pulp mill which

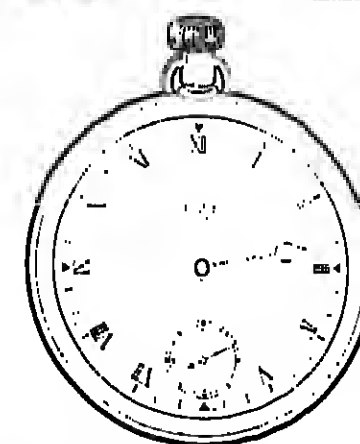
would produce a newsprint quality pulp similar to that being turned out by Winstone-Samsung at Karori.

CSR's overseas development manager, John Barrington, says the bulk of production will now be in stone-ground, roundwood pulp, which involves a similar process to the production of thermo-mechanical pulp, but it can be used for

higher-grade printing papers.

One of the major requirements of the feasibility study into the Nelson pulp mill from CSR's point of view has been to assure itself that long-term markets are available.

He will not say that the changed plans in the production process is a direct result of Winstone-Samsung's marketing problems with Karori pulp, but he concedes that CSR took careful note of what was happening at Karori.



Time is the most valuable thing you can spend
SAVE TWO HOURS A DAY

YOU WILL LEARN

- 1 Techniques for controlling needless interruptions.
- 2 Key tools for planning and organizing your work.
- 3 The need for taking and analysing a time log.
- 4 Essentials of screening calls, visitors and mail, without offending or forgetting.
- 5 Criteria for setting sound goals and objectives.
- 6 Simple steps to say no without offending.
- 7 The crucial difference between planning to achieve objectives and planning to prevent crises.
- 8 How to gain a minimum of two hours per working day.

SEMINAR OUTLINE:

- Management Overview**
- The manager's job - functions and activities
 - Universality of management
 - Why and how allocation of your time changes as you move up the management ladder.
- Discovering where time goes**
- Secrets of an effective time log
 - Analysing and interpreting your time log
 - What and who steal your time
 - The power of interruptions to waste time
- Identifying your time wasters**
- Effectiveness versus efficiency
 - Your top ten time wasters
 - Is it time management — or self management?
 - Developing your team profile of time wasters
 - Your team profile as a needs analysis
- Role of the secretary**
- The secretary's mission
 - How your secretary can double your effectiveness
 - Role in planning, organizing, initiating, monitoring and screening
- Implementation and Follow up**
- Conquering your top ten time wasters
 - Four ways to save two hours a day
 - Time log and written daily plan
 - Developing your action plan
 - Monitoring effectiveness in achieving daily objectives

DR. ALEC MACKENZIE

Dr Alec Mackenzie — world authority on time management. Dr Alec Mackenzie, President of Alec Mackenzie & Associates, Inc. has been actively promoting the management, education and professional development of senior executives through publications, tape cassettes, films, seminars and lectures throughout North and South America, Europe and the Far East. His seminars on Time Management and Developing Leadership Skills have been presented in 30 countries. Mackenzie examines the principal management time-wasters and gives practical workable ways of saving two previous hours every working day.

BILLIE SORENSEN

Billie Sorensen conducts seminars on Time Management for Secretaries and Administrative Assistants across the United States and abroad for such organizations as Advanced Management Research, General Foods Agency, Inc., Colgate Radio Group (Division of Radio-Television International) and Burlington Industries, Enser & Enser, and Hoffman La Roche Pharmaceuticals. She also worked as a radio newsreader, distribution manager for an educational audiovisual organization and office manager in charge of the secretarial staff of an industrial motion picture company.

DR. ALEC MACKENZIE
Hotel Intercontinental,
Auckland, September 23
Overseas Terminal,
Wellington, September 25

BILLIE SORENSEN
Hotel Intercontinental,
Auckland, September 24
Overseas Terminal,
Wellington, September 28

SPONSORED BY
emmot jones consulting

Mackenzie Time Management Seminars
P.O. Box 4014
Auckland Tel: 799-457

(Mackenzie Time Management Seminars)

Name(s) (Please print clearly)

Company (if applicable)

Address

Telephone No.

	QUANTITY	COST	TOTAL
DR. ALEC MACKENZIE	Auckland <input type="checkbox"/> 1	\$135.00	\$135.00
BILLIE SORENSEN	Wellington <input type="checkbox"/> 1	\$85.00	\$85.00
	Auckland <input type="checkbox"/> 1	\$85.00	\$85.00
	Wellington <input type="checkbox"/> 1	\$85.00	\$85.00
TOTAL			

CHEQUE ENCLOSED

Editorial

SUCCESSIVE governments, the FOL and the Employers Federation have struggled to find an effective and mutually satisfactory wage-fixing procedure since the all wage order by the Arbitration Court in 1968, which resulted in union antipathy towards procedures that had operated until then. The Muldoon Government has sought an effective wage policy, on and off, for almost six years. Its last attempt collapsed in June, when the FOL rejected the wage-tax trade-off bargain (although broad agreement is said to have been reached between employers and unions on the possible structure of a new system after some 15 months of talks).

And so at the opening of this year's wage round, pessimistic employers were concerned to curb wage rises while determining to reject all attempts to reduce the working week to 35 hours. They were bitterly conscious of the effects of the Arbitration Court's 5 per cent cost-of-living order, which took effect from June 11 and added some \$750 million a year to the national wage bill.

Reacting to the court's decision on May 23, a "distressed" Muldoon said the Government would now be looking to a wage round with a 2 to 2½ per cent wage increase, which would be "extremely difficult to sell to the unions". Three days later, he had upped the ante and was looking for wage settlements of no more than 9 per cent, to be reduced in accord with the size of any tax cuts the Government might make in the Budget. With the 5 per cent wage award, that 9 per cent would amount

to Muldoon's estimate (presumably conservative) of 14 per cent as the inflation rate for the year ending next June. The revised guideline was accompanied by a threat to reintroduce wage-fixing by regulation.

The court's decision had stated that it expected the 5 per cent increase to be taken off the year's wage round. The unions quickly made plain what they thought of that idea, and FOL president Jim Knox said individual unions would go ahead with "unrestricted" claims. No doubt he recognised that, without significant tax cuts, most of that increase would be creamed off by the Inland Revenue Department, thanks to the effects of fiscal drag. The Government, of course, blames the FOL for the collapse of the tax-wage trade-off bid. Placing the onus on the FOL to decide if taxes would be reduced in fact was a Government cop-out. Either tax cuts made economic sense (and if they gave workers a significant lift to real wages, it would have been that much more difficult for the unions to justify unreasonable wage claims). Or else tax cuts were inappropriate (a not improbable explanation for the Government's failure to act, considering its budgeted \$2090 million deficit before borrowing this year).

And so began the wage round, which Chambers of Commerce executive director Ross Martin described as "the annual battle during which attempts were made to extract as much as possible out of some amorphous body called 'business'".

The FOL declared its belief that a

minimum increase in wages of 14 per cent would be necessary to maintain real incomes. The Employers Federation countered by making public its assessment of a "justifiable" increase pegged between 5 and 7 per cent (lower even than Muldoon's suggested 9 per cent). The employers maintain that wages have risen in the last three years by about 60 per cent, compared with an overall increase in prices of 50 per cent. In the 12 months to June this year, they argue, wages increased by 19 per cent, whereas the consumers' price index rose by 16 per cent. Thus in the 5 per cent general wage order which took effect in June, and the employers figure they have a sound case, which they reinforce with the observation that not only is inflation fed by big wage movements, but jobs are threatened as wages outstrip prices and productivity.

In the upshot, the electrical workers are claiming a 22 per cent increase; the dairy factory workers 18 per cent; and the engineers union — negotiating for the metal trades award, on which some 14 other industrial agreements are based — has filed for a 25 per cent increase.

Farm workers — who belong to a voluntary association — have already settled on 8 per cent. Actors Equity settled on 7.5 per cent. But the first major settlement was reached last week for drivers, who had claimed 17.8 per cent and been offered 7½ per cent by road transport employers (an offer which an Employers Federation executive considered disappointingly high). Agreement was reached at 9.3 per cent,

and Employers Federation director Rowe expressed his doubts that unions might try to match the overall effect (because of the accompanying rise in the cost of living). He proclaimed that we could now "look forward to the round settling down and the rate of inflation diminishing." Union advocate Campbell warned otherwise, which means we must look to the metal trades settlement for a trend.

But the overall effect of the 5½ per cent level which Muldoon considers justified. That raises the prospect of an intervention, just as Muldoon suggested in a bitter, four-month industrial dispute which culminated in an Arbitration Court decision above the Government declared limit. But a hefty wage increase, Manufacturers Federation, Retailers Federation, Federal and Employers Federation — have unanimously agreed that wage restrictions are undesirable. Unions could well argue that — before intervening — Muldoon should set an example. They have noted that his ministerial salary was raised to \$175,000 in 1979 — an increase of 28½ per cent in 12 months.

As Knox demanded last month: "Can the Prime Minister account for and ask everyone to keep wage down?"

— Bob E.

Without word of a lie

Figuring it out

FOR the record, yet another invitation to political claims of media distortion of the unemployment figure.

Two Auckland psychologists surveyed 300 school-leavers in an attempt to assess the psychological impact of unemployment and incidentally threw up an interesting figure.

They record that "the total unemployment rate in our survey is 68.32 per cent higher than the registered unemployment rate". And they reiterate a plea, which is not being relished in an election year, that "access to the 1981 Census data is needed in order to know whether this relationship between registered and true unemployment holds for young people generally."

Where angels fear . . .

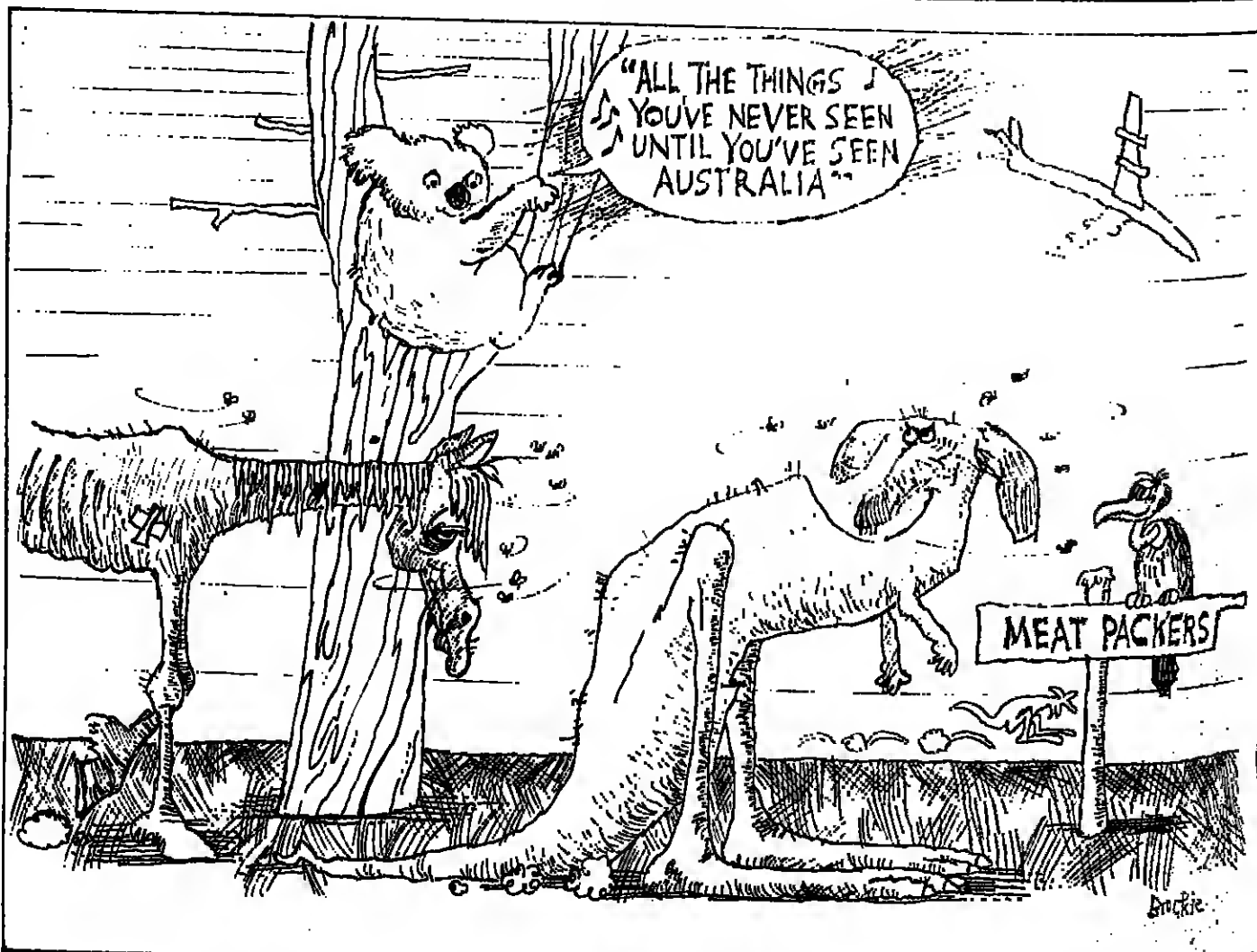
DOWN in Wellington's Courtenay Place where green-grocers, NBR journalists and bus drivers mingle there is an ageing grey hotel. With only a few more years to live before earthquake safety requirements bring it down the Solway Hotel has attracted disparate interests, to say the least.

A number of Wellington's feminist groups made plans to lease it but finance difficulties and disagreement between the groups about how far and if men would be allowed into the building caused the plans to fall apart.

A more recent and successful nibble came from promoters of a sauna parlour who are probably grateful there was ever talk of a dual tenancy.

Free agents

GLANCING through a copy of the PSA Journal, we found a number of colourful headlines (eg. "The stinking lid") which suggested more than a mite of antipathy towards our cobbler



Brockie's view

Rob Muldoon and his properly elected government. Thus we were moved in last week's column to record a sniping, to suggest at least they proved that our civil servants were not so grey when they put their typewriters to it, and to inquire — somewhat impudently, as things

turned out — who was it they worked for.

We fell short of providing the answer, but the inference was clearly there — the public and the government. Wrong, of course, as we were sharply reminded by a PSA official. The Journal is produced by the PSA — a voluntary union of

public servants. And those scurrilous ascribes need we say more — work for the union. Just as well. If those headlines inside did not as we suspect they might, a civil servant who wrote them might quickly be sorted out for the stinking lid treatment.

Auckland Office:
1st Floor, Shaw's Building
38 Fort Street, Auckland
Tel: 799-304 (Editorial)
Tel: 798-884 (Sales)
PO Box 1734

Auckland Bureau:
Warren Bryman

Sales (Circulation & Subscriptions):
Sandra Barnes

Editorial:
Editor: Bob Edlin
Business editor: Klaus Sorsnaen
Sub-editor: Warren Meyns

News & Features:
Colin James, Stephen Ball, Jack Hodder, Allan Parker, Ann Taylor, Richard Fletcher

Advertising Sales:
Manager: Paul A G S Loh

Subscriptions:
Ian Dalziel

NATIONAL BUSINESS REVIEW
Published by Fourth Estate Newspapers Ltd
Managing Director: Reg Birchfield
Marketing Director: Ian F Grant
Production Manager: Ralph Green
Accountant: Robyn Pickart
Wellington Head Office:
15 Black Street, PO Box 9344, Wellington NZ
Tel: 738-878 Cable: NBRUS

An ad-man's point of view on taxes and budgeting

by Robert P Bolton

IN any institution, from a tennis club to a multinational corporation, there's always a wise guy on the committee or the board with the annoying habit of understanding things easily and stating them simply. He's usually the one who listens for a while then says something like, "Mr Chairman, do I understand correctly that, if we keep going the way we are, we'll be flat broke in three months?"

And he's usually right! Committees and boards have a way of talking around a problem, disguising it, reporting on it, and thinking they're actually doing something. And it usually takes Mr Wise Guy's simple question to wake everyone up.

Mr Wise Guy is not necessarily the one to fix things. But given his perspicacity he is just as simple that they stare at him in the face. It doesn't require a big intellectual effort to understand such things. They just are.

Presently the question of tax is one such item. There it sits, discussed, reported on, observed

by committees and task forces. Everyone knows about it including, incidentally, the proverbial man in the street.

So where's the wise guy? Who in caucus or cabinet is direct enough to say "Rob (or however they address him these days), the plain fact is that the people are sick of paying so much tax. Now we've got to do something about it, we've just got to!"

The truth is, of course, that if he really was a wise guy he would probably go even closer to the problem to observe that we, as a country, are slowly going flat broke. Which we are.

And, as I have said, it doesn't require an economist to list the problems. They can all be stated so simply.

Free enterprise is being stifled by over-regulation and tax. Socialist ideals about fair distribution of wealth assume there is a wealth to distribute. The fact is there is none. Sorry chaps — no wealth to distribute today — better to make some!

But free enterprise (that is, private risk = private pain) these days seems to mean the freedom to make money so it can be taken away from you (that is, private risk = public pain). It is ironic that the welfare state works best in a healthy capitalist economy.

Without word of a lie

Time for Trev

THE mood of black African reaction to the Springbok tour, if not appreciated by New Zealanders, is sure to be appreciated by Foreign Minister Brian Talboys. In light of his retirement after the November election, and Rob Muldoon's obvious need to find a replacement if his government is re-elected, we pass on this hint for patching up relations with Africa.

A roving journalist reports a conversation

with Tarrania's National Sports Council director: "I do hope Trevor Richards is made a cabinet minister in the next Government" — a timely tip for a vacant candidacy.

For short . . .

A RECENT traveller to Australia reports that locals there now refer to New Zealand as "Fletcher Incorporated".

**Successful businesses
are built on a foundation of
sound property management & control.**

Fixed Asset Accounting System
Current Cost Accounting • Maintenance Expense Control
Leased Asset Information • Insurance Register and Revaluations
Construction in Progress Monitoring • Depreciation Projection
Flexible Reporting/Organisational Structures
General Ledger Interface • Special Report Writer

SOFTWARE INTERNATIONAL
The World Leader in Financial Management Software



IDAPS Computer Science. A wholly owned New Zealand company.
Phone Auckland 770 239 Wellington 843 949



9th ANNUAL CONFERENCE

WHAT: The theme of this year's Conference is "Developing Strategic Management in the Organisation". Incorporated within the Conference Programme are sessions on what approaches can be adopted in respect of this theme and Diversifying Innovation and Conditions for Success with New Product Activities. In addition, the opportunity is provided for practical experience with an exciting workshop scheduled. Direct reference will also be had to recent significant planning developments within the New Zealand business sector, with presentations being given relating to three of New Zealand's leading corporate groups, namely Fletcher Challenge, New Zealand South British and L.D. Nathan.

WHO: As in past years, the Society is again bringing an international planning expert to be the Conference Director. Nigel Freedman is a Planning Consultant for the Phillips International Group based in Eindhoven, The Netherlands. He has not only had extensive planning experience within the Phillips International Group but also has conducted seminars and lectured on Strategic Planning at several leading European Business Schools. To complement the international personality, several top New Zealand executives will be participating at the Conference including Mr Bruce Cole, Managing Director of the L.D. Nathan Group, Mr Harry Kember, Deputy General Manager of the New Zealand South British Group, and Mr David Sedler, Director and Secretary of the Fletcher Challenge Group.

WHEN: Sunday, 18th October, to Tuesday, 20th October, 1981.

WHERE: The THC Wallangi Hotel, Wallangi.

To obtain the 1981 Conference brochure, please ring Auckland 480 404 or post in the following section:

The Secretary
NZ Business Planning Soc. (Inc.)
P.O. Box 2347
AUCKLAND

Please send the 1981 Conference brochure to the address given below.

Name: _____ Company: _____

Postal address: _____

Rock lobster fishery

YOUR assertion (NBR, August 17, "Red Tape Strangles Lobster Fishery") that the Ministry of Agriculture and Fisheries agrees that regulations requiring deep-freezing of lobster tails before landing are unnecessary, is simply not correct.

The ministry has always accepted technical evidence which indicates that freezing of tails at -18°C is necessary to maintain product quality and accordingly supports the 1971 code of practice which recommends deep freezing. This is incorporated in the Fish (Packaging for Export) Regulations which have been the subject of extensive consultations with the fishing industry.

Because of the industry concern on the issues raised in your article and a number of other matters, the Fisheries Hygiene Advisory Committee, which includes representatives of the various industry sectors, is being reconvened shortly.

J D McNab
Director, Meat Division
Ministry of Agriculture and Fisheries

Mr McNab's comments don't coincide with his statements to NBR, reported in our August 17 article.

He told us then that there was "not really" a need to meet the regulations on quality grounds because "in general" the main customer for tails — the United States — was happy with the quality.

That view coincided with the view of rock lobster fishermen who were adamant the regulations requiring deep-freezing of tails, due to be implemented on October 1, were unnecessary and threatened the viability of their industry.

— Editor

Evidence not presented

ANN Taylor's article (NBR, August 24) on alternatives to the Mobil synthetic petrol plant, states "Dr Colin Maiden, chairman of the Synthetic Fuels Corporation, expressed his reservation about the CNG option to the Planning Tribunal hearing the pro-

and cons of the plant in Taranaki at the moment." She goes on to quote extensively from Dr Maiden's statement which was circulated widely before the hearing by the NZSFC.

In fact, this material was never presented to the tribunal. Judge Treadwell ruled at the beginning of the hearing that no discussion of the merits of making synthetic petrol from natural gas, or of alternatives to the Mobil proposal, would be allowed.

Most of Dr Maiden's "evidence" was withdrawn. Other parties to the hearing, particularly BCO, the Values Party, and the North Taranaki Environment Protection Association, also wished to call evidence on alternatives, in order to evaluate properly the merits of this proposal, but have had to comply with this ruling.

Two conclusions emerge: (1) The fact that Dr Maiden's attempted dismissal of the CNG and methanol alternatives should turn up in NBR as "evidence", shows that evidence ruled out of order can in fact have a greater impact on the public and decision-makers, because it is not subjected to cross-examination by other parties.

In this case, such cross-examination and further evidence would have shown that the figure of 600,000 vehicles needing conversion to CNG to equal the output from Mobil, is grossly exaggerated, and that the conclusion that alternative schemes could not be implemented fast enough, is based on quite unjustified assumptions about the future, and about the behaviour of motorists.

(2) In view of the extreme importance of this proposal to New Zealand's present economy and future transport system, it would be helpful if media could cover the tribunal hearings directly, rather than rely on material handed out by protagonists.

— Jeanette Fitzsimons
Auckland.

The statement was procured from the Commission for the Environment and used as the most lucid presentation of the Synthetic Fuels Corporation case. It was used to contrast the evidence presented by Jeanette Fitzsimons in her booklet, Synthetic Petrol or Sustainable Fuels, which the article was primarily about.

— Editor

No humour in comment

THE comment in *Without word of a lie* in the August 17 issue of NBR, using my name, failed to evoke in me the appreciation it may have merited from impartial readers.

A humorous pass at the public service — or a cheap shot? As a subscriber, I would like to think that NBR aspires to a higher than average journalistic standard.

Zoltan R Apathy
Wellington

Sacred in Mt Albert

IF Social Credit relies on electoral analysis as fanciful as that proffered by its Mt Albert secretary in your columns (NBR, August 24), then its political opponents have little indeed to fear from it. The secretary's observations con-

cerning Mt Albert in particular bear little resemblance to reality.

Far from finding widespread apathy in the electorate, as he suggests, my own experience has been to find considerable concern about the direction which New Zealand has taken under the present Government and a desire to do something positive about that by voting, for the only real alternative to the conservatism of National and Social Credit, the New Zealand Labour Party.

As for Ian Andrews' contention that Labour has "a second-rate organisation (fewer members and supporters than Sacred)", nothing further from the truth can be imagined. The Mt Albert Labour organisation would be commonly conceded by Labour officials right across New Zealand to be one of our strongest in a year when strong electoral organisation is a characteristic of the New Zealand Labour Party.

I can also report that Labour Party membership in Mt

Albert is well in excess of the numbers of members which Social Credit claimed for itself in Rangitikei at its recent national conference.

Does Mr Andrews really imagine that your readers are so gullible as to believe that Social Credit membership in Mt Albert, where their candidates have polled a dismal third ever since the league's formation, could be greater than that?

Helen Clarke
Labour Candidate
Mt Albert

'Calamitous' inflation

IT is interesting that your writer W E Christie writing "If Sacred Wins Power..." (NBR, August 31) uses two main arguments to discredit Sacred. The first is the very early writing of Douglas. New Douglas was describing the conditions of the 1920s and the solutions that could be applied to correct anomalies.

It is the second point that intrigues me most. The words are taken almost straight from the infamous "leaked" National Party document that emanated from Parliament earlier this year. (The same one that suggested a tour by an anti-Social Credit economist and friend man duly "paid" for his trip by obliging.)

This "calamitous" inflation is a curious bogey man. In 1975 Muldoon said that continued double-figure inflation would wreck the economy. He has continued it for the last six years and it has wrecked the economy.

I would like to ask your writer, W E Christie, this: if the money used to fund the actual deficit had been available for low-cost business capital, would this be the "calamitous inflation" that he writes?

Either the writer is selling National Party propaganda, hook, line and sinker or he shares in a finance scam.

B. Pihua
Pihua

Politics

The barbed wire has gone, but the jitters haven't

by Colin James

FOR your interest, the news media are not only entirely responsible for stirring up the anti-tour protests, but are also apparently cunningly manipulating your vote in the coming election.

The reasoning goes like this: ● The National Party has devised a brilliant strategy to make us all rich in the late 1980s;

● It has been trying to convince the public of the brilliance of this strategy; ● The public spends not to be getting the message;

● The reason is that the news media are not passing the message on to the public; ● Because the message is not getting through the people may mistakenly and through no fault of their own vote in the socialist and wreck their own future.

(They would also darken the future of the growth strategists, but in the noble, altruistic world of the politician, this consideration is a mere bagatelle beside the public interest.)

Shortly after the National Party conference a prominent party liberal tut-tutted to me about the emotional and vengeful anti-media outburst on the conference's last day.

"But," he added, "you brought it on yourselves." His reason: television, in its wrap-up of the leader's address, spent all its time on his comments on the tour and none on the growth strategy (not so, it was given three minutes).

Television's crime was to do as the National Party did instead of doing what it said.

The conference received the growth strategy section of the speech with little outward show

of enthusiasm; the equally long section on the tour, on the other hand, had delegates on their feet stamping and cheering.

Whatever the conference said it wanted, it acted as if the growth strategy was of secondary interest. (Later, by the way, president George Chapman privately said he was happy with TV's overall conference coverage.)

Compelling messages have a way of getting through regardless of the worst the news media can do.

Take 1975: The National Party's message of decay, ruin and socialist takeover under Labour and the message of money in oldies' pockets hit their target.

If the growth message is not getting through it is because it is not (yet) compelling.

When the elements of the

programme began to come together in 1979 it looked like an election-winner in the potential it offered for the National Party to give a disoriented and directionless public a sense of long-term vision.

"Think big", the slogan which came a year later, could have meant taking a big-hearted visionary view of the future — a contrast with the narrow and initiative-inhibiting defensiveness of the past.

But the vision had not been fashioned to hold the components of the programme together. "Think big" equalled not "big future" but "big projects", "big risk", "big foreigners", "big cost".

Instead of inspiring and uplifting, it evoked fear and prejudice.

That the wrong message got through was not because the news media subverted the right

message, but because the wrong message had been transmitted in the first place.

If the National Party is now having trouble getting the right growth strategy message through — and it is — it is because it has had to undo the "think big" diversion and start last build up a vision to envelop and ennobel the strategy.

For six months or so the Prime Minister, who has an unparalleled ability to put complex and difficult material in a simple and comprehensible form, has been talking at length on the growth programme.

Speech after speech has been just as he has claimed for them: positive, long-sighted expositions of growth. I have yet to come across anyone in the National Party who does not think they are just the speeches the party wants him to give.

But without notable success.

One problem: For two months the party's attempts to interest the public in growth have been swamped by the Springbok tour.

For a time, that seemed all right. The news media showed nasty demonstrators interfering with ordinary people's civil rights.

The Government successfully sold the message to the public that it amounted to a battle between us and them: the Government, rugby players and ordinary, decent New Zealanders versus the loud-mouthed wreckers, Communists and the Labour Party.

But over the past four weeks or so, the Government's message has been muted.

The reason: despite the worst the news media could do, blowing the disruption out of proportion and making it look as if New Zealand really was in the grip of the radicals, the real message began to get through.

That message was that large numbers of New Zealanders had favourite misdeeds, wives, children and even staid grandparents, not to mention friends, out there on the streets — if not in the flesh, then in spirit.

Many were there in the flesh: the children of one of New Zealand's most senior civil servants, for example; chunks of the Ministry of Foreign Affairs; conservative businessmen; even, in some cases, National Party conference delegates.

So what began as a ground swell of Labour desertions for National gradually came to be matched by a ground swell of National desertions for Labour. What the net flow has been is now anybody's guess.

The parties can't tell you. The deserters in each direction seem not to have been telling their old party they were going, so each party has been hearing only from the people who agree with it.

I have constantly had both parties' candidates and workers in the same electorate tell me — I think sincerely — that they have been hearing criticism on-

ly of the other party's position. It is as if the nation has gone into a state of silent shock. New Zealanders on both sides of the affair have been brought face to face with an intensity of feeling they did not think New Zealanders susceptible to.

There are numerous accounts of otherwise gentle souls going near-hysterical in front of lines of riot police.

The police, subjected to heavy abuse, drilled into a battle psychology and enduring the fear of seeing thousands of hostile demonstrators, have been driven to outbursts of angry beatings.

This is unnerving. And an unnerved public could just as easily turn on its Government (as a failed protector) as it could run into its reassuring arms.

The effect of this uncertainty has been to enshroud a Labour Party that thought it would be done for by the tour and to give a previously confident National Party the jitters.

Little hints are emerging that some in the top echelons of the Government are seriously contemplating the possibility of defeat.

With the Springboks now gone and the barbed wire and riot shields put away — without measurable advantage having been gained during the tour — and with the unions refusing so far to disrupt the economy (the drivers' settlement last week was in line with the Prime Minister's own guidelines enunciated a few months ago), the National Party has only the growth strategy to save it from the electoral ravages of illusion and unemployment.

Oh, and the Labour Party. For all the mounting internal confidence and all the pro-Labour propaganda alleged by the Prime Minister to have been fore-fed into voters' minds by the wicked news media, the message the public is still getting is that the Labour act is not yet together.

But that does not preclude a win by default if anti-Government sentiment is not counteracted.

So it is up to the Prime Minister.

At this month's Dominion council meeting of the party he was unusually conciliatory and solicitous of council feeling.

He was encouraged to confine his campaign to positive statements of the growth strategy and responded with a vigorous commitment to do just that.

In jargon terms, he was promising to change the medium — from abusive aggression against everything in his way to one of co-operative pursuit of a new future.

Can he? Or will the public still see the medium — and the message — of 1975? One thing we can be sure of: despite the worst the news media can do, the voters will see the real messages the parties have to offer and will vote with their usual wisdom.

Synfuel decision near

by Ann Taylor

A decision on whether the synthetic fuels plant will proceed will be made by Cabinet today — or more probably — next Monday.

The Cabinet Expenditure Committee last week considered the report of the joint economic committee (JEC) report being finished — a period which finishes next Monday.

set up to assess the project. NBR understands the report was referred then for Cabinet consideration.

Under the heads of agreement between Mobil and the Government, a decision to proceed or not had to be taken within 60 days of the JEC report being finished — a period which finishes next Monday.

We Challenge you to find a better, more efficient business system.

You may already employ a specific business or office system to help solve the growth problems that arise in a successful company — the increasing need for more sophisticated storage and retrieval of information; simpler faster data-flow between branches, expanding payroll and the other personnel-related commitments, and the need to record, update and even action complicated, large-scale business/financial matters automatically — without adding highly-trained staff!

Many of these problems are yours, have a choice of solutions.

This is our commitment to all businesses, from small-growth companies to major corporations not already using one of our systems — we will show you how we can increase the efficiency of your present internal business system, within the bounds of cost and scale. To make initial trouble and other matters, simpler, Challenge Computers Ltd has divided into 3 distinct categories.

Remember, Challenge Computers is much more than just computers. It is solutions.

BUREAU SERVICES
"EXPERTISE, the most valuable commodity of the '80's."

Business Computer Magazine

For the company which has never needed to — or been able to — employ its own in-house computer expert (or has just occasional need for computer), Challenge Bureau Services offers the ideal answer. By making use of one of our large computer systems — and by letting our highly-qualified people do with the tasks you'd rather not do, you can avoid the considerable expense that computing can involve.

Expert Advice

Challenge Bureau Services offers the newcomer to automatic business systems valuable consultancy advice from a large team of acknowledged experts. Challenge Bureau Services will study your present system, recommend the best solution to your problems, and, if needed, make available necessary equipment or facilities for your specific end use.

Nationwide Network

The nationwide Challenge computer network, encompassing more than 35 centres, makes data flow between branches swift and simple.

Challenge Computers Ltd has presented the world's leading word processing and flow charting systems, making them a popular choice.

As the exclusive New Zealand agency for AM Jacquard Systems, Challenge is able to offer two of the world's most sought-after word and data processors — the multi-station J100 and its stand-alone version, the J500.



AM Jacquard word processing systems — 3 International awards in the last 3 years.

These powerful Jacquard systems offer unprecedented and competitively-unmatched efficiency, economy, speed and flexibility in handling even the most demanding business assignments.



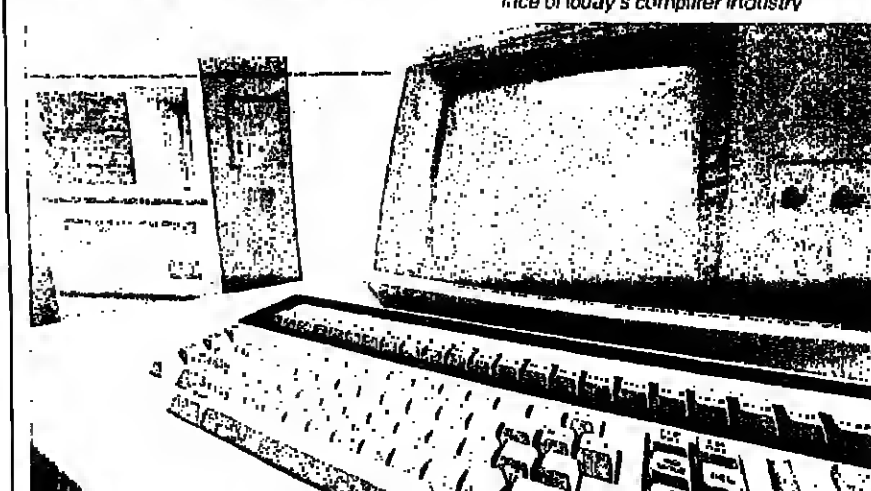
This reader quickly magnifies large amounts of information stored on postcard-sized microfiche.

As sole New Zealand agents for Microfilm and International Datagraphy, Challenge is able to offer exclusive micrographic and COM (Computer Output to Microfilm) facilities for highly-advanced storage, retrieval and communication of data.



This microfiche holds the equivalent to 270 computer print-out pages.

Challenge Computers Ltd. We chose FACOM for its extraordinary reliability, versatility and — cost efficiency.



FACOM V-Series — rapidly changing the face of today's computer industry.

Till the introduction of Facom, no computer brand in the world had achieved a meantime between failure of five years. Anyone who knows anything about computers will tell you just how extraordinary that is!

So is the fact the Facom maintenance rates are 30-50% lower than those of other existing computers.

Which is largely why FACOM is now already No. 1 in Japan, rapidly approaching No. 1 in growth in Australia. It's also why Challenge Computers chose — and is now exclusive New Zealand agents for — FACOM V-Series Computer Systems in New Zealand.



FACOM close-up — remarkable simplicity, unrivalled cost efficiency.

Get this FREE Book on how to improve your present business system.

This fully-illustrated 8-page book explains everything about Challenge and how we can help you improve the efficiency of your present business or office system.

The Marketing Manager
P.O. Box 3249
Wellington.

Company

Address

Phone

Name

CHALLENGE
Computers Ltd.
Our business is making your business more efficient.

FREE!
All the inside news about franchising

Franchising is one of the world's fastest growing marketing techniques. (Did you know that 32% of U.S. retail sales are made through franchised outlets?)

"Franchise Review" is a quarterly digest of the latest news on this exciting marketing tool. Some of the stories in the latest issue cover:

- * Strip-a-Grains franchise replaces singling telegrams
- * Australia's largest instant print chain to franchise
- * Facts from the franchise 500 survey
- * Pets — booming franchise opportunity
- * Tool franchises — a novel franchise concept

For your FREE "Franchise Review", phone or write:

INTERNATIONAL FRANCHISING
Quay Tower, Downtown, Auckland.
Telephone (09) 792-269, P.O. Box 518.

Springbok tour serves as economic 'up and under'

by Bob Edlin

IF nothing else, the just-ended Springbok tour has served to divert attention from the economic scoreboard. And to the extent we have been preoccupied with test and provincial results, or the twice-weekly tally of arrests and protest injuries, the Government should be delighted. Because it means we may not have noticed its performance on the economic field.

It's a performance which augurs ill for the National team as it limbers up for the test that matters in November — so long as the public has been keeping up with the play.

National can be forgiven for hoping that observers aren't taking too much notice of its record, at least insofar as it has been recorded in the statistics. Hence the Springbok tour must have been a blessing, because it offered a more absorbing spectacle for the news media than

balance of payments data, and so on. Then there's a royal tour as a curtain-raiser to the election, which should help draw attention off National's coaching sessions.

But between the rugby and the royals, let's take time out for a few observations of National's playing style and its forward capacity for getting the possession necessary for a 20-year dash to Think Big victory.

The big problem facing the

front row has been unemployment, and National has lost more than its fair share of loose heads.

Registered unemployed in 1975 peaked at 5271 in the month of August.

The monthly numbers remained below 10,000 until November 1977, when they climbed to 13,053 from 9034 a month earlier.

By July 1978, they had reached more than 26,000, but they

kept below 31,100 until June 1980.

Since then, Labour Department statisticians have been as busy as rugby score-keepers keeping up with Naas Botha on the rampage.

In July 1980, 37,100 registered unemployed were recorded; the 40,000 mark was exceeded in August; by December the sorry tally had almost hit 50,000.

The latest figures — for July this year — show registered

unemployed at 48,455 (more than 10,000 higher than in the month last year). And if you toss in those on job creation schemes — something Labour Minister Jim Bolger prefers we don't do because they're not employed, albeit artificially. Because many unemployed do not register, the real total of unemployed is anyone's guess. What about the loose forwards, making their dash from around the scrum and to our export markets to supply with our balance of payments problems?

They appear to be doing a fine job. But if Bank of New Zealand forecasting is a guide, then the gap between receipts and outgoings in overseas accounts is likely to widen as persistently as the gap between All Blacks and Springbok scores in the test (third test companies, regret, could not be included in our analogy; the game has been played when we were press).

The current account balance had been a massive \$130 million in the year to June 1975. The Muldoon Government successfully whittled it back to \$1016 million a year later, and by March 1978 reduced it to \$469 million.

A year after that it was up to \$782 million; this March it was \$770 million.

The contribution of a porters has been huge. Given the flip of income exports of goods and services have risen steadily and progressively between March 1975 (\$2142 million) and March 1981 (\$6989 million).

But as Ian Templeton recently noted in the *Auckland Star*, exporters "can be forgiven for feeling that the harder they run, the more the country stands still".

We used figures for the year to June, which showed that while exporters turned a "another extraordinary performance in boosting overseas sales to a record \$1016 million", 20 per cent more than the year before, the country still finished up \$725 million in the red.

He questioned whether a porters could maintain the momentum of the rate of growth they have achieved in each of the past four years. And he identified two factors which have dragged us into the red: the oil bill (up 57 per cent last year) and the drain of "the visible" (which last year widened to a deficit of \$100 million — \$300 million more than the year before).

The BNZ forecast a near doubling of the March 1980 year deficit to \$1590 million by the year ended March 1982.

That would increase it from 11 per cent to almost 20 per

to distract us from National's 'more tries than goals'

cent of our export income, and from 3.2 per cent to 5.5 per cent of gross domestic product.

Capital repayments and interest payments on overseas debts will play a significant part in pushing us into the deficit mud.

The Government began borrowing heavily in 1975. Many of its loans — on five-year terms — are now maturing.

Debt servicing comprised 3.8 per cent of our exports of goods and services in 1975; we now need 17.2 per cent of those receipts to pay back our overseas debts.

In the year to March 1982, \$214 million worth of debts will require repayment; by 1985, maturing debts will have soared to \$1114 million.

In this country, the economy is traditionally propped by Government spending. And budgeted spending in that sector is so far ahead of projected income that it seems the ball just might go so far into the dead ball area that it will be irretrievable. Until it stops rolling, there can be no likelihood of the public being treated to National's cover defence bringing down that villain of the grandstand public, direct taxation.

The latest audited summary of receipts and payments of the Public Account for the first quarter of this financial year recorded taxation receipts of \$1256 million — a rise of almost 26 per cent compared with the June quarter last year. Income tax was up 22 per cent, in spite of the much-vaunted tax cuts which took effect in February, and at \$797 million was running unusually high for a June quarter.

There is scant talk these days of tax cuts, and the more fundamental issue of tax reform is in the hands of a task force which we shouldn't expect to

hear firm ideas from this year.

If the Nats are showing a free-flowing playing style, it is in the money supply. Muldoon announced a neutral monetary policy in October last year, to end 18 months of pressure on lending organisations aimed at reducing the money supply.

Since then, the money has poured into circulation and business is brisk for the real estate industry, the motor industry, and the retail sector generally. But we would have cause to feel a bit happier about the Government's largesse if more of that money were being ploughed into productive enterprises. It is going, rather, into consumer and luxury items, feeding inflation and the balance of payments as demand increases for imports.

The most troublesome aspect of National's six years performance has been its inability to tackle inflation — a point emphasised time and time again by a number of critics.

Team captain Muldoon himself once gloomily warned of all sorts of bother on his own try line if inflation couldn't be brought down to single-digit size. He has since almost resigned himself to those problems as inflation climbed to more than 18 per cent in the March 1980 year; it remains high — and should have his team on the defensive — at the 15 per cent level.

There has recently been a belated, but welcome, show of dash from the previously starved three-quarters. The June Quarterly Predictions from the Institute of Economic Research recorded a growth of 2½ per cent in the March 1980-1981 year and acknowledged that real output was stronger than the institute had previously reckoned.

Growth of 3 per cent was

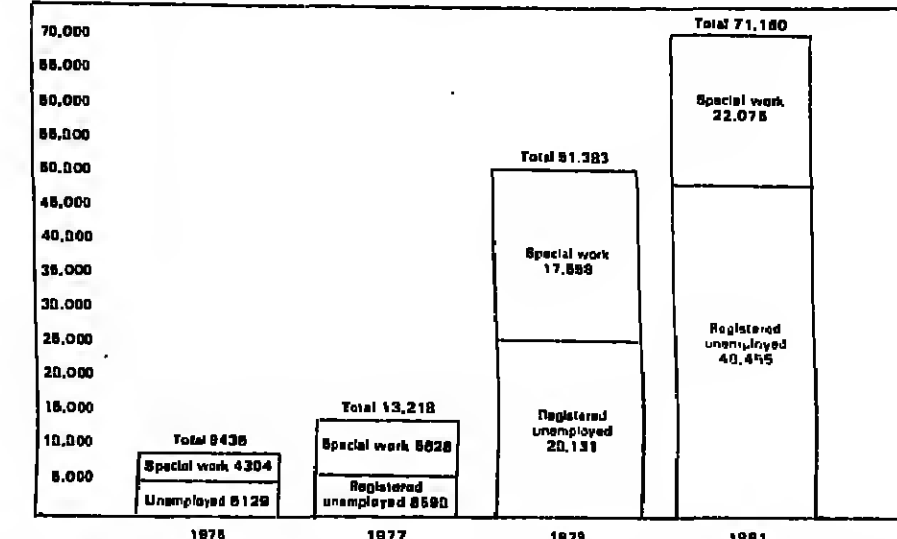
forecast in the March 1981-82 year, but the institute expected expenditure on capital formation and rebuilding depleted stock levels to increase more rapidly than output.

These are healthy signs after five years of static — and in some years declining — growth.

Meanwhile, the institute has been recording business confidence at more buoyant levels than in previous years.

It is almost impossible to gauge the strengths and weaknesses of the other teams from performance. Labour has been forced to sit things out on the sidelines since November 1975, and Social Credit has never been given the chance to display its unconventional style of play on the Treasury benches.

National, on the other hand,



can be judged by six years of hard slog as well as the future promise of a scintillating performance that within two decades will see its tries converted into energy riches for all.

Depending on how the respective strategies are spelled out, the people's capacity to

decide who deserves to win will be a bit like trying to pick which way a Rollerson speculator into Springbok territory is going to bounce.

"If overheads are squeezing you dry, think carefully about what's over your head!"



Are you another of the unfortunate people to feel a dull ache every time you're presented with a balance sheet?

Are you caught in the squeeze between staff demands, energy saving, shareholders and the Tax Man?

Do you shudder with more than cold when you see those hungry heaters start up every morning?

You know full well that staff have to stay warm. But you are probably paying far more than you really need to! These heaters could be switched off a lot sooner and a lot more often if you have one of our ceilings overhead. Because an AHI Monocooustic Ceiling is the very thing to bring some saving into your accounting.

AHI Monocooustic is by far the best insulating ceiling system on the market. It's been thoroughly tested by the DSIR and, where installed in existing commercial premises, you may obtain a 100% first year tax write-off.

The installation costs of a Monocooustic ceiling are low. Heating bills can be drastically reduced, maintenance is zero, and, just as important, you get 85% noise absorption. Aggravation to staff is thus reduced, and productivity increased as a consequence.

Ask your architect or builder about Monocooustic Ceiling Panels.

Take another look at what's over your head, or over the heads of your employees. If it's not an AHI Monocooustic ceiling, it could be more problem than it's worth.

MONOCOUSTIC Ceiling Panels

The Profitable Decision

AHI Fibreglass

COMMERCIAL BILLS MARKET

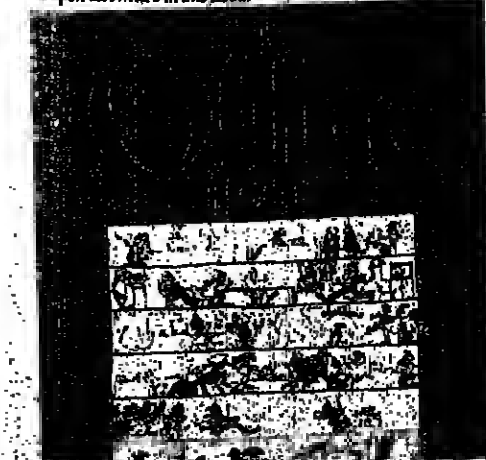
CBA MERCHANT FINANCE LTD

New Publication

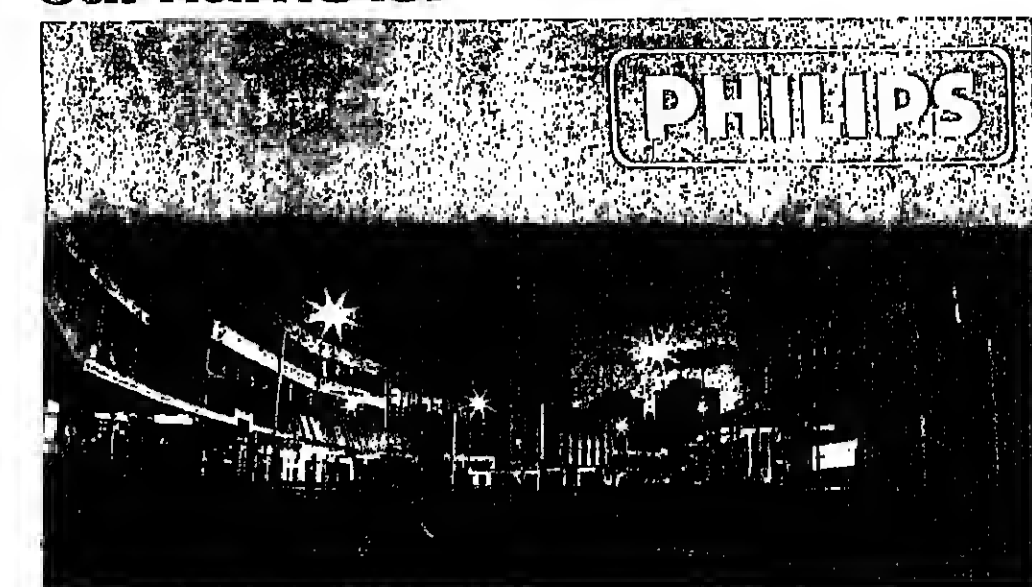
The first complete guide for office decision-makers.

The Office Book, published by Fourth Estate Periodicals, is specially designed to help office decision-makers completely up-to-date with the rapidly changing office scene. The first issue of this impressive new annual includes authoritative articles exploring trends in a number of crucial fields including: employment (technological innovation and changing roles in the office), buildings (the creative development and new concepts in office building), ergonomics (the challenge to office designers and planners), word processing (progress of the revolution and a comparative guide to products, suppliers and prices).

As well, The Office Book's comprehensive directory section is designed to give office managers fingertip access to all companies providing office products and services in New Zealand — everything from paper clips to word processors. To order your copy of the brand-new and indispensable desktop directory, simply fill in the Fourth Estate Subscription Service coupon elsewhere in this issue.



You know how good our name is.



Do you know how good our security systems are?

Philips Security Systems. We have a reputation as world leaders in the electronics industry. It's a reputation we guard carefully... particularly in the field of electronic security systems. Our expertise has one very special feature. We design total systems; everything you need is furnished in a single package. We ascertain your requirements exactly, then put together a professional system which is efficient, from a security viewpoint and a cost viewpoint.

We'll implement the system and install it. It may be a simple alarm, or it may include complete security for doors, windows, perimeter fences, skylights, safes and closed circuit tv for monitoring break-ins. Philips technology may be used; but where a special requirement necessitates other equipment, we'll utilise it.

We'll train staff in the operation of the system. We'll maintain it, and our back up

We want you to have the best

service will include the design of modifications should they become necessary. As you grow, so may your security requirements; Philips will see you're covered every step of the way.

Philips Security Systems. Technology as good as the name it bears.

Post this coupon for further information on Philips Security Systems.

NAME _____

ADDRESS _____

TELEPHONE _____

PHILIPS ELECTRICAL INDUSTRIES, SECURITY SYSTEMS, P.O. Box 2097, Wellington. P.O. Box 41021, Mt. Albert, Auckland. P.O. Box 1458, Christchurch.

PHILIPS

NZ may be able to save export incentives

From Page 1

test", — where they have to prove their business has been adversely affected by the import competition.

Gatt is regularly referred to as the "rich man's code". It was drafted by the Americans and Europeans and while it takes a harder line on subsidies on manufactured goods than on agricultural products, New Zealand is finding the codes have been structured to favour the major industrial producers rather than agricultural countries.

But at the same time Gatt has been designed to not proscribe the export subsidy practices of the architects of the agreement — particularly the protectionist United States agriculture industry.

Direct export incentives are outlawed by those countries signing the Code on Subsidies

and Countervailing Duties, and the United States has told those countries reluctant to sign that existing legislation in the States enabling the imposition of countervailing duties will continue to be used against their exports.

Details of the proposal put up by New Zealand for the Americans' consideration are top secret — except that they do not involve any dismantling of existing export incentives.

But the petition filed against New Zealand lamb will act as an incentive for New Zealand to sign up as quickly as possible.

Timing is all important, the US Commerce Department preliminary determination of whether the petition against New Zealand lamb is warranted is due to be announced on Friday (September 19) while

the department's final determination is due in the beginning of December.

One trade expert told *NBR* "if the final determination confirms New Zealand lamb is subsidised in terms of the Code of Subsidies agreement then the countervailing duties would be enforced from the beginning of December."

"So from that point of view it would be very nice if we could tie up the Code of Subsidies signatory matter before December."

Though New Zealand's export incentives are proscribed in the Code the current discussions are on whether the signatories will accept New Zealand in terms of a degree of conformity.

"We haven't completed the negotiations with the Americans yet, though we have got to the stage where we have

put forward a proposal which we think they will agree with," our trade source told *NBR*.

"If we join the code we could probably continue our agricultural and forestry subsidies but the incentives applied to manufactured goods would have to go in terms of the strict letter of the code."

Our trade expert told *NBR* "two of the major criteria in the government's mind when it was negotiating were that it had given a commitment to continue export incentives till 1985, and that it would certainly not be helpful to industry if export incentives were suddenly killed at this stage."

"The strict letter of the code requires that there be no non-conforming subsidies but we have been negotiating from the point of view that New Zealand was not in conformity from the

outset because we weren't involved in the original planning of Gatt."

He believes New Zealand might be able to get in if it agrees to "move in the direction of conformity over a certain period of time."

"The Americans have a problem with their domestic regula-

tions where they're obliged to counteract if subsidies are found where the exporter is not a Code signatory — whereas signatories can seek to apply the injury tests."

"The Government believes that any sort of definite timescale for alterations to incentives is unacceptable."

Timbermen hit back

by Klaus Sorensen

THE FOREST Council conference has produced a shrewd answer to Prime Minister Rob Muldoon's threats to kill forest industry export incentives.

The conference working party on financial implications has produced a report which reminds the Government that any move to replace export incentives with a currency realignment would benefit the agricultural sector — and so to maintain parity the Government would have to take something from the farmer.

Muldoon fired the export incentives issue into the forestry conference's court in his budget — now the conference has replied with a determined volley of its own.

The Budget threat to review forest export incentives, and a follow-up reference to them at a Wellington Chamber of Commerce lunch sent the forest industry into a state of shock.

In his Budget speech Muldoon said the Government would examine the recommendations of the forestry conference closely. "In particular we will undertake a searching review of the incentives and taxation concessions available to forest industries."

The report of the working party on financial implications was presented to the conference, held at the Beehive last Monday.

"The report recommends that incentives stay as they are and suggests a working group be set up, including Treasury representatives, to investigate five areas: exchange rate, capital supply, mill-related incentives, systems of taxation and land tax, "to maintain the forest industry's ability to compete internationally."

On the face of it the working party report is on exercise in not offending anyone. There is considerable ill-feeling in the industry about the privileged stumpage and electricity supply arrangements enjoyed by Tasman Pulp and Paper, yet the working party has paid little attention to the mounting pressure for a redistribution of industry benefits.

Under its conclusions and recommendations, the working party states "concern has been expressed to the working party in regard to equality of opportunity in the terms of supply and costs for state-controlled resources, particularly forest products and electric power."

The working party accepts that the Forest Service and Ministry of Energy endeavour to apply procedures in an even-handed manner.

"And the working party's recommendation of this score is 'the working party confirms the principle of even-handed treatment to all competing groups for state-controlled resources'."

Working party chairman Peter Olsen, of Rotorua, took some of these points further in his address to the conference, and in particular reaffirmed the industry's fear of the Gatt code

of subsidies, and the Government's apparent determination to remove or alter the forest industry's export incentives.

The working party report also investigated incentives in relation to agriculture and overseas competitors, as well as on an inter-sector basis.

As far as incentives went, the reasonable balance already exists, except that an element of restructuring in some areas is recommended.

"The general impression is that compared with the level of incentives in the agricultural sector, incentives for encouragement of export activity in the forest sector, are in fact not out of line with incentives for the farming sector, although some redistribution between forest growers and forest processor appears justified."

But then the report makes its clever point on currency realignment: "if a major currency realignment of the NZ dollar were undertaken which would benefit both sectors in approximately the same proportion, then any offsetting modification to export incentives in the forestry sector should be compensated for by (a) similarly modifying incentives in the farming sector, and/or (b) changing other incentives in the forestry sector to compensate."

Olsen made several references to Gatt in his speech, and later told *NBR* he thought the Code of Subsidies was probably the biggest threat to New Zealand's forest industry at present.

He told the conference that "An examination of the complex range of incentives, policies and like forms of Government support enjoyed by other international competitors has shown that this is substantial, although difficult to examine in proper detail."

"Our conclusion is that we have to accept that our competitors obtain significant Government support and must shape our New Zealand policy accordingly. Given our own New Zealand industry in this area I cannot presume that competitor countries will be inhibited by the Gatt code on subsidies."

"The Prime Minister's speech to the Chamber of Commerce in Wellington on July 17, and subsequent development on the Gatt code of subsidies show a clear Government intention to examine export tax incentives."

"These developments have led to the preparation of the working party report and a number of suggestions have been made to the Government to have export incentives reviewed on a regular basis."

"When these export incentives are reviewed, the working party believes the Government should support common to all competing companies."

Is new day of the miners truly dawning this time?

by Klaus Sorensen

MORE false dawns have been predicted for the sharemarket's mining stocks than just about any other share on the stock exchange lists.

But the move by the New Zealand United Corporation Ltd to establish a mining shares index must lend a new respectability to the market's bridesmaids.

Up until a couple of years ago the then five members of the mining board had a well-earned reputation for being "penny dreadfuls".

They were formed in the early 1970s as some sort of answer to the Australian mining boom — we New Zealanders were determined to prove to the Aussies they weren't the only ones with glaucous mining stocks.

But the only thing these companies proved was that they were a bad idea from the start.

Some were formed purely for the sake of floating a company — the mineral prospects themselves seemed to be an incidental afterthought. And they all made the mistake of floating on an undersized capital, then going to shareholders after a few years for more loot.

Coupled with the collapse of the Australian mining boom and the consequent scandals which prompted the Roe Report inquiry into the Australian sharemarket, the New Zealand miners soon waned in popularity and respectability.

Some, like L & M Oil, managed to keep up a degree of momentum through into the late 1970s while the likes of Mineral Resources — though reduced to virtual poverty at times — never gave up.

But the spiralling oil price coupled with major advances in oil exploration technology, and the rise in the gold price, gave

mining investment a new lease of life.

Mineral Resources found an American partner and has enjoyed income from gold exploration finds, sufficient to mount a successful reassessment of many old Waiti mines.

Other miners, such as Southern Cross and Consolidated Minerals (nee Silver), have tried to look busy, but to less effect than MR.

L & M Oil spent much time and money on the McKee on-shore prospect before losing out in a mining licence application to the state-run Petrocorp.

McKee has since produced oil sufficient to equal 2 or 3 per cent of New Zealand's needs — but it looks like L & M is having difficulty recovering from the blow. The company is now hunting around Otago for gold — but its chances of seeing the \$3.00 share price achieved, when the company was first listed, seem very remote.

NZ Petroleum, now largely American-owned, is still in with a chance in the offshore oil exploration programme.

The resurgence of interest in mineral and oil exploration, which occurred a year or so ago, has seen the addition of three new miners to the stock exchange boards (though NZOG hasn't quite made it yet) and from that point of view the NZUC mining index couldn't be more timely.

It will allow the active investors in this sector to monitor new investment interest — and for that matter lack of interest — and will enable them to be a little more scientific about their trading.

The index will certainly fluctuate more than the NZUC industrial index because of the relatively low number of stocks and their inherent volatility.

For this reason the mining index will also be more "telling" than its larger industrial

brother — the mining sector is famous for its "leaks" and the index will help to show up any sudden action among the mining shares.

The mining stocks produce the worst in listed companies. On one hand the mining companies generally seem reticent about their activities with infrequent reports to the exchange and poor annual report disclosure, and on the other, there is always a group of investors who seem remarkably well-informed about what mining companies are about to do and when.

But mining stocks tend to attract the market's gamblers, so a greater degree of information peddling and insider trading is perhaps not surprising.

Another problem with the mining stocks is the lack of analysts experienced in mineral prospect assessment.

This company presents a par-

ticularly interesting opportunity for investors in that the downside seems minimal and the gearing is very high — a rise in the share from 20 cents back to the 25 cent issue price would provide a gross 25 per cent gain and besides which, what else can you buy on the can you buy on the sharemarket for 20 cents?

NZOG is a rather sadder story. The shares were rumoured available in the vestibule last week for around 40 cents, and it looks as if they will trade at less than that when they list, due to initial selling pressure.

Though overseas investment interest was originally tipped as corp as a partner in their licence areas — so it seems a shame that private investors have been so reluctant to risk their capital.

Sill, it's not too late.

While there are some excellent industrial company analysts in New Zealand, few brokers are in a position to advise clients on the "worth" of companies like Mineral Resources, or on the value of the new oil company shares, on the basis of their licence areas.

So investment in the miners is largely guesswork.

But there seems little doubt that the market is taking an unduly cautious, not to say pessimistic, approach to the new oil explorers.

Cue and NZOG are part of a Government-inspired \$500 million oil exploration programme and both have Petro-

Cue shares are down to what some claim is a bargain price of 20 cents and it now seems some of the initial selling pressure may be easing off.

This company presents a par-

being likely to boost the share price, it now seems any overseas buying orders will have to be pretty massive to overcome the loss of confidence in this float.

Sill, those investors who feel they have been burnt by the two new floats should spare a thought for those remaining Republic Oil shareholders.

Those shares sold as low as half a cent a share before delisting a couple of years ago, and at last report they were selling at one cent per 100 shares.

So if you sold 100 Republic shares at the moment, the \$5.00 minimum brokerage fee would leave you with a \$4.99 loss on the deal.

DISCLOSURE: The writer holds shares in Mineral Resources and Southern Cross and has been subscribed for both the Cue and NZOG issues.

PENFOLDS WINES (N.Z.) LIMITED

NOW OPEN FOR PUBLIC SUBSCRIPTION

2,000,000 ORDINARY SHARES AT \$1.25 PER SHARE

Penfolds Wines (N.Z.) Limited is engaged in the production and marketing of wines.

Prospectuses Are Available From:

Any Stock Exchange Member or the Underwriting Brokers, Jarden & Co. PO Box 334, Wellington, or by mailing the coupon below.

The Secretary
Penfolds Wines (N.Z.) Limited,
190 Lincoln Road, Henderson,
P.O. Box 21-081,
Henderson, Auckland.

Please mail to me immediately a copy of the Prospectus and Application Form for Ordinary Shares.

NAME:

ADDRESS:

Applications will only be accepted on an Application Form issued with a printed copy of the Prospectus.

JOIN US AT A *Town House* HOTEL

We want to make
your stay a happy one

The warmest welcome, the best facilities, gourmet cuisine and comfort await you in Auckland, Wellington and Dunedin at our magnificent Town House Hotels.

Combining the comforts of home with the luxury of a dining, attentive staff, each of our beautifully appointed Town House Hotels offers a haven to those on the move.

All Town House Hotels are fully equipped with restaurant, bar and outstanding conference facilities. In fact, we specialise as a venue for conferences.

Each of our Town House Hotels has sweeping harbour and city views, ample parking and sauna. Our suites and spacious bedrooms are equipped with all modern facilities, colour television, refrigerator, etc.

For more information, please contact your local Travel Agent, or write to:
TOWN HOUSE HOTELS, P.O. Box 2277, Auckland.
TOWN HOUSE HOTELS, P.O. Box 22607, Wellington.
TOWN HOUSE HOTELS, P.O. Box 1118, Dunedin.

For more information, please contact your local Travel Agent, or write to:
TOWN HOUSE HOTELS, P.O. Box 2277, Auckland.
TOWN HOUSE HOTELS, P.O. Box 22607, Wellington.
TOWN HOUSE HOTELS, P.O. Box 1118, Dunedin.

If you need business finance— we're ready to help!

We can't see why getting business finance should be difficult. We recognise that with credit available, productivity and growth will follow.

We have the finance for your business.

We would like to lend it to you. We'll assist you in every way we can with your application, and will advise you promptly of our decision.

TO WHOM DO WE LEND?
If you're already in business and need new, income producing equipment—or plant—or working capital; if you're purchasing or remodelling business premises; if you're starting a new business, even if it's still at the ideas stage—talk to us. In other words, whether you're starting out, expanding, diversifying, exporting/importing, or simply keeping pace—we can design an N.Z.I. Finance Business Loan programme for you.

HOW MUCH DO WE LEND?
Any sum that your business can repay without stress. We have no pre-conceived ideas and no upper limits.

AT WHAT INTEREST?
Interest rates are competitive and negotiable. Our aim is to get the money to you in the way you want. Repayment terms are tailored to suit your needs.

WHAT SECURITY DO WE REQUIRE?
We'll consider a wide range of securities: from machinery, land, property, plant or vehicles—secured by ways such as hire purchase, lease or mortgage. The asset used for security need not be part of the venture being financed. You do not need to be a client of The New Zealand Insurance Company.

WHO ARE N.Z.I. FINANCE?
With assets exceeding \$260 million, N.Z.I. Finance is New Zealand's third largest financier and Merchant Banker and is a member of The New Zealand Insurance Group. With 20 offices throughout New Zealand you can be assured of prompt, personal service and advice.

HOW TO APPLY?
Just phone your nearest N.Z.I. Finance office and one of our Finance Executives will come to see you. Alternatively, you can apply through your Accountant or Solicitor.

N.Z.I. Finance Ltd.
FINANCIERS AND MERCHANT BANKERS

N.Z.I. Finance Offices:
NORTH ISLAND: AUCKLAND: 122, NORTH SHORE RD. 129, AUCKLAND CENTRAL 790-636, HENDERSON 45-576.
CENTRAL ISLAND: CHRISTCHURCH: 10, RIVER STREET 45-576, DUNEDIN: 10, RIVER STREET 45-576, TIMARU: 10, RIVER STREET 45-576.
SOUTH ISLAND: WELLINGTON: 10, RIVER STREET 45-576, HAMILTON: 10, RIVER STREET 45-576, ROTORUA: 10, RIVER STREET 45-576.
NORTH ISLAND: AUCKLAND: 122, NORTH SHORE RD. 129, AUCKLAND CENTRAL 790-636, HENDERSON 45-576.
CENTRAL ISLAND: CHRISTCHURCH: 10, RIVER STREET 45-576, DUNEDIN: 10, RIVER STREET 45-576, TIMARU: 10, RIVER STREET 45-576.
SOUTH ISLAND: WELLINGTON: 10, RIVER STREET 45-576, HAMILTON: 10, RIVER STREET 45-576, ROTORUA: 10, RIVER STREET 45-576.

changed its company name to June Hardy Impex.
Property Securities Ltd: audited group net profit for the year ended 31 1981 was \$1,020,482 (tax pay \$68,020). A final dividend of 12 pence is recommended.
Repsco Ltd (Australia) achieved a 34.9 per cent interest it had been seeking in MSI Corporation Ltd.
Senis Group Ltd: audited group net profit after tax for the year ended June 30 1981 was \$1,038,500 (tax pay \$121,905). A final dividend of 12 pence is recommended.

IAN SCOTT REAL ESTATE NORTH SHORE
M.R.E.I.N.Z.
SELECT PROPERTY MARKETERS

DEPARTMENT of Labour figures show 17,500 people were registered unemployed at the end of last month, a drop of 850 from the end of July. That total 1961 were school-leavers (about 100 on last month). The number of people in fully subsidised public and subsidised FEP private positions. The job creation programme increased by 791 to 13,465 and 107 people were in FEP jobs, a net increase of 585.

ALASKON INDUSTRIES LTD
P.O. BOX 70-060, AUCKLAND B
NEW ZEALAND
PHONE (09) 833 9129

AS at September 10, NZ dollar sold at	Italy	989.60
Britain	Japan	189.68
US	Malaysia	1,814.45
Canada	Netherlands	2,177.1
Australia	New Caledonia	
Phil	and Tahiti	85.53
India	Norway	4,901.0
Belgium	Pakistan	7,937.7
China	Portugal	53.36
Denmark	Singapore	1,765.6
France	South Africa	77.31
Greece	Spain	79.39
Hong Kong	Sweden	4,258.6
India	Switzerland	1,885.2
Indonesia	West Germany	7,668.1
	Western Samoa	885.3

Phone 34-357, P.O. Box 45.

	30 DAYS	60 DAYS	180 DAYS
LOCAL FUNDS - Commercial bills prime selling rate: % p.a.	15.4	16.5	16.5
FOREIGN FUNDS Eurodollars: % p.a.	17.0	16.675	16.6250
CURRENCY SETTLEMENTS US dollars (forward)	Spot \$322.3876	3 mth \$322.5120	6 mth \$322.6037

MEINZ
For all your office — warehouse — factory —
shops and investment needs
Property Management & Consultancy
SALES, LEASING, VALUATIONS
Auckland 33-508, Wellington 723-529, Christchurch
706-521
and 18 offices in New Zealand,
Australia, Hong Kong, Singapore and U.K.



The ready-made answer to your packaging problem.

Don't shudder at the thought of the capital outlay on expensive dies for your next packaging job. Tube-pack Ltd manufacture the largest range of ready-made quality plastic tubes and vials in N.Z. in numerous shapes and sizes and to the most exacting standards.

Vials with caps, in clear or white plastic suitable for medical and food lines etc. Tubes for a wide range of products, heat sealed if required.

Decorating of the highest standard, including sharp gold blocking and embossing.

colour offset printing, lacquering and screen printing. The large range available and over 14 years experience in packaging, assures customers of swift deliveries and competitive prices. Tube-pack can also manufacture containers to suit specific requirements.

So whether your packaging pills, or popcorn, we're ready when you're ready.

Tube-pack Ltd



WOULD YOU BOOK A FIVE-STAR GENERAL INTO A TWO-STAR HOTEL?



SOUTH PACIFIC HOTELS NETWORK

We've earned our stars

WHANGAREI The Seaside AUCLAND The Main Drive, The Promenade, The South Pacific GIBBORNE The Seaside TAUPO The Sunroom KAWERAU Butts Motor Inn PALMERSTON NORTH The Avon NEW PLYMOUTH The Western WELLINGTON The St. George, The Waterloo CHRISTCHURCH The Russell

INSTANT

Book through your Travel Agent or write to: New Zealand Hotel Co. (NZ) Ltd, Wellington 61, or Auckland 61, or Christchurch 61, or Dunedin 61.

Resource development

Fletcher fishing row

From Page 1

not be looking at its procedures as a result of the complaint and he described himself as "quite relaxed" about the issue.

The Globe Export Fisheries spokesman maintained that any questioning of labelling procedures could jeopardise the country's fish-quality image abroad.

He said he hoped there would be "no whitewashing of the incident."

As the Government probe was carried out, Fishing Industry Board members were given a report on a trip to Australia by chairman Mark Hinchcliff and senior marketing official Russell Armitage.

Their mission: to investigate Australian complaints that deep-sea perch (orange roughy) caught by Fletcher travelers are being dumped on the Australian market.

The board was reluctant to discuss the findings of the mission. But a spokesman said a state/Federal team of fishing officials would come to New Zealand later this month in discuss the situation.

Australian Primary Industry Minister Peter Nixon, in a statement issued during the board representatives' visit, said imports had risen sharply in Australia from 44 per cent of the domestic market two years ago to more than 55 per cent today.

While noting that a "high" proportion of deep-sea perch came from Russian and other foreign-based joint-venture vessels, Nixon said the local industry should become much more competitive.

Documents obtained by NBR last week, however, showed a deep concern among Australian fishermen.

The documents include a number of cables from New Zealand trade commission officers in Australia setting up the Hinchcliff/Armitage visit and reporting on the best way to arrange the Australian visit here late this month.

These cables show that Hinchcliff was interested in confining the debate within the industry, and not allowing it to spread into the political-bureaucratic arena.

One cable commented on a meeting between Hinchcliff and Queensland Fish Board officials: "Suggestion that the ex-

porters of orange roughy get together and fix a price for Australia market at a level which will prevent disruption of market for Australia domestic product."

Also: "Point was taken that at current price level disruption is caused for coral trout, sweet lip — red emperor (upper price bracket for reef fish) and for mackerel — mullet at the lower end because of quality and presentation."

Two further comments from the Brisbane Trade Commission office cable were:

• "Old fishing industry is in state of turmoil because of fragmentation and collapse of prawning industry as well as other matters, but NZ imports are admitted as being a convenient — obvious scapegoat."

• "Apparently Fletcher Challenge have already had discussions about prospect of export price-level-setting."

Another document is a letter to Australian Deputy Prime Minister Doug Anthony from Brisbane fishing industry consultant and fish merchant Noel Gallagher. A copy was sent to Nixon.

The "Dear Doug" letter clearly blames the Australian industry's problems on domestic circumstances rather than "dumping" of New Zealand fish.

Gallagher sent Anthony a copy of a report of minutes of a meeting between himself, New South Wales Fish Marketing Authority officials and a seafood trading company official in Brisbane on August 9.

Gallagher wrote the minutes, much of which are devoted to his comments on the state of the Australian industry — a state which, according to him, is more to blame for local circumstances than imports of deep sea perch from New Zealand.

At one point, Gallagher told the meeting: "The New Zealand fishing industry had a lot to thank Fletcher for in particular relation to the deep sea perch."

"Fletcher had insisted on a high standard of processing and grading and had moved an important fishery away from the old Kiwi style of just throwing fish into a carton, freezing it without too much quality control and expecting to find ready markets at the whim of the exporter."

Producer board mooted

by Ann Taylor

THE idea of a forestry producer board was mooted in the informal sessions of last week's Forestry Council conference.

Propagating the powers of the Forest Service into planning and research was rejected by industry representatives, some of whom would favour a producer board structure which would allow the industry to keep direct contact and control of forestry exports.

The industry strategy working party at the conference was required to comment on the establishment of a sector planning unit and marketing services structure recommended in the DFC forest industry study.

The working party recommended that the Forestry Council be beefed up to accommodate planning and research for the sector and that the council appoint a permanent standing committee to steer the work of the planning unit.

Industry representatives on the working party were "against the idea of the Forest Service being responsible for sector planning... but recognised that the department... needed information on markets and products."

Forest Service sources indicated that they did not seek the role of planning and research and would welcome the idea of a producer board or joint marketing effort. "We'd certainly be interested in such a proposal. There is competition and quite a number of small operators here was one comment."

The most obvious problem is that companies have made contacts with individual buyers. If they passed that over to a marketing organisation those contacts and the personal approach would be lost.

Forest Products managing director Doug Walker said the suggestion "has been raised from time to time. It is well meaning but it is not practicable at the moment."

Overseas trade

Thai drug watch useful — now for other links

by Allan Parker

AS Thailand's Prime Minister, General Prem Tinsulanonda, jetted from New Zealand one recent Monday with a \$20 million chicken processing deal tucked under his wing, he crossed flight paths with our (police) man in Bangkok returning from an anti-drug posting there.

The coincidental timing of Prem's departure from his first official visit to New Zealand and the return of Detective Inspector Brian Duncan to head the police's drug enforcement division at Wellington headquarters reflected the continuing liaison between the two nations over heroin trafficking.

And while there were no official talks between the Thai officials accompanying Prem and our anti-drug police, the commitment to a New Zealand liaison officer in Thailand remains, with Duncan's successor in his new post replacing him in the Golden Triangle.

Certainly, in the wake of the Mr Asia sensations, New Zealand police remain vigilant about trafficking of heroin into New Zealand from Asia.

Late last month, the prestigious *Wall Street Journal* told its readers that an early rainfall in the lush hills of northern Thailand signifies another perfect opium season this year.

The journal's readers were told by a retiring United States drug enforcement official that: "Our forecast is that the Golden Triangle (the poppy-growing areas on the Thai-Burmese-Lao borders) will be the No 1 heroin producer for the rest of the world in the next two years."

Said the report: "Europe, the US, Canada, Australia and New Zealand will soon be awash in Golden Triangle heroin and the addict population will rise accordingly."

"Awash" is regarded by police here as, perhaps, a slight exaggeration.

Total Thai raw opium production this year will be about 700 tonnes, or 700,000 kilos. New Zealand drug squad police reckon one kilo is a major importation. Their biggest seizure this year has been 57g.

So while vigilance is still needed, the scale of New Zealand heroin use is minuscule by international, particularly American, standards.

One senior drug squad officer said: "There's only so much they (the traffickers) can import here before they saturate the market and send their own prices down. They've only got a limited clientele. We're not all junkies."

Senior drug officials are predicting an increasing tendency towards the use of cocaine and LSD in New Zealand user-circles.

Cocaine is non-habit-forming and gives "sniffers" a sexual stimulus.

In the United States it has become something of a status symbol in chic circles, particularly the entertainment industry.

Local officials have noticed increasing use of cocaine, which retails for roughly the same price as heroin. Its attraction to traffickers thus remains high.

The street price is about \$140 for 10g. A user would use about half a gramme at one "sniff".

Last year police seized 139g of cocaine, compared with 12.92g in 1979. In the first six months of this year, just over 50g has been seized by police.

Police officials also believe the same people responsible for heroin imports are now moving into cocaine trafficking.

They do not believe there are many, if any, drug syndicates operating now; rather, the importing appears to be the work of individuals.

The same applies to LSD. Seizures of the hallucinatory drug have jumped alarmingly in the past 18 months.

In 1979, police seized 5342 tabs of LSD. Last year, just over 24,000 tabs were seized. By June this year, police had already grabbed 17,337 tabs in just six months.

And, senior officials say, this is "only touching the surface". Wholesalers who pay \$3 a tab can expect to get up to \$8 on the street, so profits are enticing.

Heroin seizures, on the other hand, support theories that the addictive drug is becoming scarcer in New Zealand.

In 1979, 2107g was seized by police. Last year that dropped dramatically to just 219g. This year the figure has risen again, with 770g being seized up to June.

But police note that one seizure in Tauranga — from a Hong Kong seaman — accounted for 517g (more than 70 per cent) of the six-month total.

Cocaine and LSD trafficking is more difficult to police. Heroin comes all but exclusively from Asia and police and Customs officers are able to readily identify individuals making regular trips to the region.

But cocaine comes from South America and is usually shipped to Australia where couriers will pick it up for the New Zealand run.

LSD mainly comes from the United States and Australia. Again, it is difficult to isolate reasons for regular trips to those countries.

Local drug enforcement officials will hopefully be able to improve liaison with their counterparts in other countries in late October when New Zealand hosts a meeting of heads of narcotic enforcement agencies from the Far East region in Wellington. The four-day conference will attract up to 60 law enforcement officers from 23 countries, including the People's Republic of China.

The New Zealand-Thailand police liaison has undoubtedly proved useful, although it would be stretching probability to suggest that the presence in Thailand of an official New Zealand representative involved in the industry that most embarrasses the host nation has helped forge closer links between the two.

But awareness of New Zealand is increasing, as Premier Prem's visit confirmed.

Although little hard news emerged from the visit, apart from the chicken-processing joint venture and news of a carpet-making proposal, Foreign Affairs officials regard

the visit as a success.

Local officials have noticed increasing use of cocaine, which retails for roughly the same price as heroin. Its attraction to traffickers thus remains high.

The street price is about \$140 for 10g. A user would use about half a gramme at one "sniff".

The street price is about \$140 for 10g. A user would use about half a gramme at one "sniff".

it as another important element in our increasing diplomatic and trading links with the region.

In the international forum, the Thais are grateful for our support on the Indochina dispute between Vietnam and Kampuchea, which also involves the Communist giants.

In fact, the level of interest shown by the Thais in New Zealand has surprised some officials. The Prime Minister's visit followed just six months after a similar visit by the Thai Foreign Minister.

Said one official: "We're getting a very liberal share of Thai attention. The relationship is a really good one."

The official admitted that in the past New Zealand has not gone out of its way to focus on Thailand as an economic unit in the Asian scene, although we

do have a full embassy in Bangkok.

But that could change, given Thailand's increasing interest in us, our growing trade with the region as a whole, the joint venture into chicken-processing and a hint from the visit that an air agreement may be forthcoming.

For example, recent trade figures show that Asia now accounts for some 27.5 per cent of our total trade, with Japan our top trading partner. As well, prospects for future trade into the region are very promising.

Thailand is an integral part of the area, particularly as a member of the five-state Association of South-east Asian Nations (ASEAN).

As well, it appears poised now to participate fully in the remarkable economic development that has transformed

much of the region over the last two decades.

Japan, Korea, Taiwan and Singapore have performed economic miracles. Malaysia is beginning to edge up the same development ladder. And, according to one ministry official, Thailand now appears ready to get a foothold on the ladder.

It can only be in New Zealand's interests to get a similar foothold into the Thai economy at this stage.

One area in which useful links could be developed is energy exploitation. Just two weeks before Prem arrived in Auckland, natural gas from the gulf of Thailand began flowing to two power stations in Bangkok.

Like New Zealand, the gas is a critical element in the country's development plans. Thailand and New Zealand both rely heavily (in Thailand's

case almost exclusively) on imported fuel. Both are investigating energy development for fuel and feedstock uses in downstream industries.

The Thai party asked the Ministry of Energy for information about our own plans and experiences with the Maui field. At this stage, however, the interest is more towards sharing experiences rather than firm joint development proposals.

The Thais have also been impressed by New Zealand participation in geothermal development in the Philippines and asked about exploitation of a geothermal field of their own.

But the Thai field proved too small and too cool for economic electricity production.

While that idea ran out of steam, others will undoubtedly fire the imagination as contact increases.

FALCON UTE



ALLOY HEAD
FALCON



the ultimate in utility virility now goes further!

NEW ELECTRONIC IGNITION

You can count on this new standard feature to give you a more reliable start every time, and maintain engine tune over long periods. The spark plug is close to the centre of the cylinder for more efficient fuel ignition.

NEW ALLOY HEAD FALCON — MORE VIRILITY THAN EVER!

In the interests of fuel economy we have made some positive engine improvements.

But the innate power and character of Falcon remains. The sleek lines. The spacious glass area. The heavy duty steel floor. Limited slip diff. Quartz halogen headlamps. The list goes on.

One last run at your Ford Dealer and you'll get the message loud and clear. Drive even further ahead with the new Alloy Head Falcon.



One that moves you like a full-blooded "6", with the fuel intake of a "4". While others guzzle, Falcon just sips!

NEW ALLOY HEAD ECONOMY AND PERFORMANCE.

The driveability and responsiveness of Falcon's engine is better than ever. A substantial torque increase in the low engine rpm range means low speed city/suburban touring fuel economy is improved by up to 8%. You can expect fuel consumption at around 9.4l/100km (30mpg).

Moving business your way!

FORD COMMERCIALS

FC174

ELECTION WATCH '81
See Pages 21-22

First New Zealand Release...

New Wine Style for the Drier Palate

Villa Maria brings premium quality to a demanding market with Camberley Dry

POLL RESULT IDENTIFIES GAP IN MARKET CHOICE

A recent survey of table wine drinkers showed that no particular brand currently available is being favoured by those who prefer a drier white, a wine not extra dry, yet definitely not sweet. They demand a reliable dryish white to be enjoyed over all social occasions.

CLASSICAL GRAPE VARIETIES USED

To achieve the fresh, clean dry taste needed, the winemaker tested many styles for public reaction. Finally a clear preference emerged for Camberley Dry. Named after the area in Hawkes Bay where many of Villa Maria's classical white grapes are grown — Chenin Blanc, Gewürztraminer, Chasselas and Müller Thurgau. These expensive grape varieties each have distinctive characteristics of their own, yet have, with skilful blending in the tradition of the great whites of France, produced a single wine with the makings of a classic in its own right.

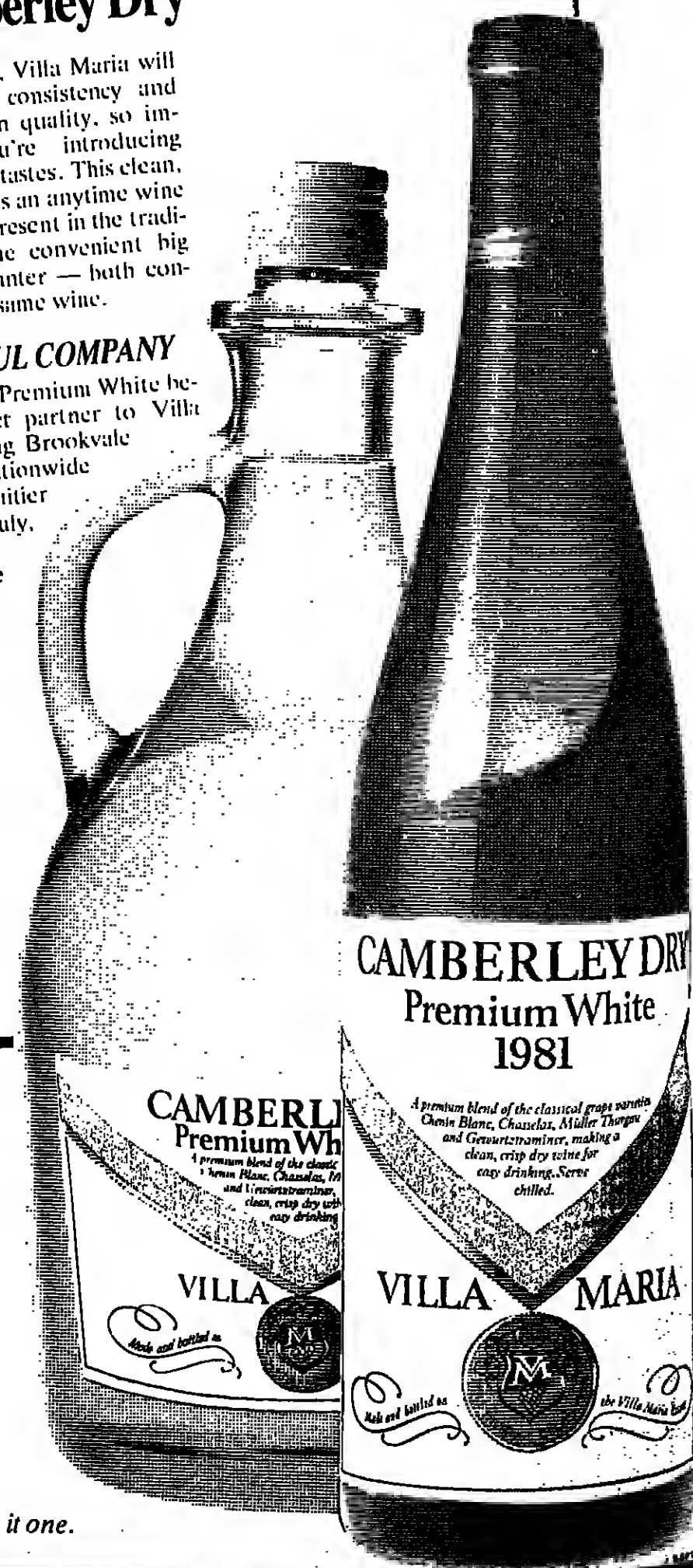
FUTURE QUALITY ASSURED BEFORE RELEASE

With the results of extensive taste testing endorsing their confidence in

new Camberley Dry, Villa Maria will ensure year round consistency and guaranteed premium quality, so important when you're introducing friends to your own tastes. This clean, drier style of white is an anytime wine and is available at present in the traditional bottle or the convenient big value 1.5 litre decanter — both containing exactly the same wine.

IN SUCCESSFUL COMPANY

Camberley Dry Premium White becomes the perfect partner to Villa Maria's top selling Brookvale 100% Riesling — nationwide favourite in the fruitier German style — truly, wines to suit the occasion or make



VILLA MARIA Wines to suit the occasion — or make it one.

Business

Analysing annual accounts: Airwork NZ Ltd

by Klaus Sorensen

AIRWORK NZ Ltd is the sort of company that makes you wonder why anyone would want to invest in it.

No offence, mind you, it's just that the risks of investment in aviation rarely seem to justify the rewards.

Companies like Airwork are reliant on the fortunes of the agricultural industry for the successful operation of their topdressing activities, and their sales of new aircraft with a high capital cost, are very reliant on a buoyant economy.

Apart from that, there is a greater risk of crashes, involving topdressing aircraft and helicopters, because of the particular nature of this branch of aviation.

Airwork and companies like it just don't seem to have many attractions — apart from any third-level airline aspirations they might be nurturing.

The latest March 31 1981 Airwork annual report does little to dispel the preconceptions about the company. Its economically presented run-down on the year gives the impression that aviators are men of few words — even Airwork's auditors seem more communicative.

The company has just come through one of its worst trading periods, the dividend has been cut, and prospects for the current year appear uncertain. The directors are less than forthcoming on the degree of recovery (if any) that shareholders can expect this year.

But in places the company has provided a surprisingly

good level of disclosure — even if it leaves shareholders in the dark in others.

The point is that someone thinks Airwork is a good investment — namely Brierley Investments and one A Hubbard of Timaru who have both bought 20 per cent of the shareholdings — and the rest of the shareholders should be asking the question: why?

Brierley, in its typical fashion, isn't telling anyone (at least publicly) what its intentions are towards Airwork, and the aviation industry in general.

Since A Hubbard is presumably a private investor, there is no pressure on him to tell the world why he bought 20 per cent of Airwork. So that leaves the company itself.

In view of the recent trading loss, the reorganisation of company activities, and the absence of any apparent attractions in the asset lacking department, the directors of Airwork should tell shareholders what their theories are on the sudden investment interest in the company.

But as it is, the Airwork directors seem to feel shareholders will be sufficiently smitten with the knowledge that relations between the new investors and the existing interests appear cordial enough, and that it was Airwork who invited the two new shareholders to nominate board representatives.

Some Airwork shareholders may recall Brierley Investments Ltd has previously shown an interest in aviation — it built up a shareholding in the

formerly listed James Aviation and tried to take the company over.

Brierley's initial stake appeared to unnerve the controlling interests of James, and a private company was set up which made a takeover bid for James. When Brierley saw it could not succeed with its bid, it sold out and presumably invested its profit from the James transaction in Airwork.

Though their fortunes have been stable in the last four years, the aviation companies have tended to demonstrate a rather cyclical earnings pattern over a longer term.

The question which this raises is whether the directors of a company such as Airwork are primarily responsible for ensuring that shareholders' dividends are paid regularly and exhibit satisfactory growth, or whether their primary responsibility is to operate as successfully as possible in the industry they find themselves.

To achieve the former end, companies like Airwork would have to restructure and diversify into other more stable earning areas, while in the latter scenario it would be up to the shareholders to take the consequences of any fluctuations in the company's trading.

Airwork doesn't appear to be about to rush into investment in any unrelated areas, but it does seem to recognise the need for more stability in earnings.

Chairman John Brazier explains in his review that the company has moved to restructure its topdressing operation by setting up a new company in which Airwork will hold a 25 per cent equity.

As reported, Airwork's net loss for the March 31, 1981 year was \$225,182, and the dividend for the year was reduced from 15 per cent to 10 per cent.

Brazier says a number of external factors combined to cause "a further downturn in aviation activities, thus causing the very difficult trading conditions leading to the loss of profitability."

The most significant was the increase in the price of aviation fuel to 84 cents a litre, the collapse of the helicopter meat recovery programme and a fur-



ther reduction in aerial topdressing, coupled with the growth of co-operative units.

"These changes have been reflected in lower material and spare sales, an almost complete cessation of helicopter component overhaul work and a big reduction in engine overhauls, the latter made worse in this year by an extension of allowed engine life between overhaul for the 1,000-hp engine.

"In recognising that no early change can be expected in these trading conditions a number of steps have already been taken to improve profitability. A major step has been the restructuring of our topdressing division by the establishment with effect from August 1, 1981 of a new company, Airwork Agricultural Aviation Ltd, in equal partnership with three other organisations, to provide a combined strength which we are confident can meet the challenges which today confront the topdressing industry."

The bulk of the loss seems to have come from the servicing and engineering division, judging by Brazier's account.

"For the first time in Airwork's history of over 40 years our aviation engineering department failed to be profitable. This was caused by the decrease in flying as a result of the increase in fuel prices and the collapse of the helicopter industry meat recovery market which in some cases reduced the flying hours by 60 per cent."

"The profit and loss account gives a good breakdown of both sales and costs and expenses.

Total sales were up 19.3 per cent, from \$7.5 million to \$8.9 million (though these figures include inter-company sales of \$1.1 million and \$995,000 respectively), which includes a 4 per cent fall in engineering services and sales, from \$4.7 million to \$1.2 million, and an almost doubled turnover from aircraft sales and operations, from \$2 million to \$3.9 million. The cost of sales rose 27.3 per cent, from \$7.3 million to

\$9.3 million — resulting in a pre-tax loss of \$279,181.

Included in the cost of sales was a 41 per cent increase in imports of aircraft and spares, from \$2.8 million to \$3.9 million (presumably relating to the doubled aircraft sales and operations figure).

The other major increases in costs were wages, salaries and superannuation, up from \$1.5 million to \$1.7 million, and interest on fixed loans, which was doubled at \$231,645 (\$122,908).

The balance sheet shows a fall in shareholders' funds from \$1.4 million to \$1.2 million. Term liabilities were up, from \$1.1 million to \$2.1 million, after a big increase in unsecured advances, of which total liabilities due after one year amounted to \$1 million, compared with \$597,000 in 1980.

Total current liabilities were up from \$2.5 million to \$3.1 million, including an increase in trade creditors and accrued charges, from \$770,000 to \$1 million.

The main criticism of the report is that there are no details on the company's subsidiaries, their activities, number of planes owned, what they are engaged in, and how many aircraft the company sold during the year.

The auditors have tagged the accounts because of the inclusion of inter-company sales in the total sales figure.

Meat deal to Syria lost

by Warren Berryman
NEW Zealand has lost to Uruguay a 2000-tonne \$4.3 million sheep meat tender to Syria.

Mathias Meats bid for the Syrian contract but the Uruguayans won the tender with a price \$200 a tonne less than ours.

Some months ago Mathias acted for the Meat Marketing Corporation to bid in Syria.

The corporation was reluctant to post the bonds required by the Syrians and the contract went to Australia. It is understood that Australia failed to supply.

This time Mathias went into the Syrian market on its own. Its tender price was rather high, because the mixed grades of lamb required are in short supply here at this time of the season.

This is not an original advertisement.

It was copied, and then that copy copied, and then that copy copied before being sent here for publication.



Plain Paper Copiers
Good for your image.

Metals, Ores, Minerals.



Philipph Brothers
New York

One of the World's leading International Traders in basic raw materials.
60 Offices World Wide.

Steel Mill Products.
Ferro Alloys.
Plant & Machinery
Aluminium.
Coal and Cokes.
Non Ferrous Metals
Concentrates.
Scrap.
Zinc.

Petroleum products.
Crude Oil and Oil Products.
Chemicals.
Fertilisers.
Grain.
Sugar.
Plastics.
Cement.
Ores.

For the latest market information regarding industrial raw materials, Contact

Graeme E. Allan

PHILIPP BROTHERS NZ REPRESENTATIVE
P.O. Box 28057 Auckland, Ph: (09) 547-9239/544-804 Telex NZ 2206

ELECTION WATCH '81

Political advertising

Selling their wares — to the wary and the weary

by Grev Wiggs

IT seems reasonable to assert that the principles which apply to all commercial advertising should, in the main, hold good with party political advertising. Yet, looking at the spring flush of electioneering advertising, it is difficult to see the parallel.

What is the target audience for any political party?

Obviously, affiliates of opposing parties, deeply involved and loyal to the core, are not going to be affected by any advertising rhetoric except their own.

And, though devoted supporters may get a charge from their own party's declarations,

they are not going to produce one additional vote.

So the swingers and the "don't knows" must be the principal target group. And they, too, are divided into demographic segments.

It is hard to see in the early political advertising much evidence of messages directed to specific targets. It may follow at a later phase.

Currently we are seeing a broad scatter-gun attack, except for a National Party ad, referred to later, where the geography of newspaper circulation has been used to portray the regional candidates.

It has been a strongly held tenet of advertising and selling

that it never pays to knock your competitor. It is even barred in commercial advertising by rigid codes of practice.

The argument goes that if you feel it necessary to disparage your rival, then perhaps your own case isn't as good as it might be. By knocking him you advertise him and demonstrate his importance. You spend time and space and money abusing him when you could have been using those resources to promote your own cause.

But political advertising seems largely to consist of a party punch-up.

Why is knocking copy such

"YOUR FUTURE IS GROWING BETTER EVERY DAY. LABOUR AND SOCIAL CREDIT WANT THAT TO STOP."

How Labour will take the gamble out of our future.

an important component of electioneering advertising? If it's not helpful in selling commodities why should it be effective with political ideas?

"National's mess. Labour's answer," screams the Labour Party headline.

"Your future is growing better every day. Labour and

Social Credit want that to stop," the National Party declaims in big, black caps.

Which brings us to another copy-writing doctrine... the need for credibility.

If you can't accept the advertising claim, if it challenges your beliefs or your common sense, then it will be rejected.

Take the National Party headline above. It literally means that Labour and Social Credit want to stop your future growing better. Is it credible? Does it even make sense?

In the Labour Party copy we find the flat assertion, "Labour will restore full employment." Full employment means that everyone who wants to work will have a job.

Full employment is a "training" or "assistance" job-hunting? So Labour is promising what no other government in the world has been able to achieve. Is it believable?

National copy promises "development of our national energy resources hand-in-hand with expansion of our national farming industries to provide growth which is essential to our future well-being."

Labour copy condemns "a direct result of National neglect, more and more towns are withering as scores of factories are closing and thousands of jobs are permanently lost."

Are they talking about the same country?

The only Social Credit ad we've seen lately pretentiously deals with the current handling of finances.

In an ad addressed to farmers it asks, "What's so great about a system that puts the earnings of primary industries in permanent lock to financial interests that New Zealand can't or won't control?"

But the main thrust of the ad is to invite coupon response for the selling of the league's political hooklets. It's a good trick if you can persuade the electorate to buy your party propaganda.

It would seem that, up till now, no party has been successful in making its overall policy as clear or acceptable as it would like.

So there is need for a plain spell-out of policy in the form of advertising.

It isn't possible even in full pages, to sell a complete political manifesto. But if space were devoted primarily to party policy, advertising could present the appropriate messages to the selected target group in a progressive manner.

There are a lot of us out here who really want to know. So let's have the facts without the fluff.

The old quip still stands. "The customer is not a woman. It's your wife. Or your husband."

FULL MERCHANT BANK SERVICE

CBA MERCHANT FINANCE LTD.
For information, phone Ken Jones at John Morgan, Auckland 770-488.
P.O. Box 37-241, Auckland.

The pursuit of pleasure

by Grev Wiggs

THE *Evening Post* headline was specific. "PM blames TV for youth's 'hedonistic world'."

The lead-in read, "Young people are being invited by advertising into a hedonistic world, according to the Prime Minister, Mr Muldoon."

It looked like the sort of roundhouse swing at advertising that would raise the hackles of any macho advertising man.

But what did the Prime Minister really say?

"We see and hear commercial blandishments aimed at young people, and not too subtly at that; they are sort of being invited into a hedonistic world where there is no mention of the future, only of the allurements of the present. I do not wonder that so many of them are confused, misguided, misled and getting into all sorts of trouble which, like all had ows, makes the headlines."

He then went on to refer to the great majority of youth who were going quietly about their ways studying or taking the first steps in their careers.

Later in the speech, made at the opening of new headquarters of the Wellington Youth for Christ movement, he referred to a decline in moral standards among a minority of young folk and blamed the pressures they had been subjected to.

"I refer to violence on television and in motion pictures, the moral standards and language of some plays and films in which abnormal behaviour is presented as being the norm; the flagrant suggestive nature of some cinema advertisements."

To a final reference to advertising he said, "Youth is subject to the enticements of liquor and cigarette advertising but young people do not brew or sell liquor, or grow tobacco."

"I do not object to the freedom to advertise liquor or tobacco; I just think such messages as advertising tries to convey should be directed at the adult world where people have, or should have, mature judgment and be able to weigh the pros and cons of indulgence and make up their own minds."

We asked the president of the Association of Accredited Advertising Agencies, Jim Belich, to comment on the reported speech.

"The Prime Minister's speech notes show that Mr Muldoon didn't actually blame television — the headline was somewhat misleading," said Belich. "He blamed the violence of programmes on TV and motion pictures."

"I tend to agree though many of society's ills are much more complex and deeper than merely our mass media or even violence in programmes."

"The Prime Minister's reference to 'commercial blandishments' is wider than merely advertising, perhaps even wide enough to encompass 'political' and other blandishments."

"There can be argument as to the social value of this or that product or service; this is determined not by advertising but by society as a whole."

As in many spheres advertising is not immune to extremes and excesses, Belich conceded, but a careful examination would show that the ratio of "wants" to "needs" is much lower than in many other professions and industries though more highly visible.

"The standards and rules which apply in advertising —

largely self-imposed and voluntary — are quite stringent. In addition to copious legislation and regulation, the advertising industry has imposed on itself a set of standards and codes of practice. I do believe we try as hard as any industry to stay within generally accepted social norms."

Other advertising men responded to the implications of the phrase "commercial blandishments".

"I don't agree that advertising presents a hedonistic world," said Campaign Advertising partner Terry Christie. "Materialistic, if you like, but isn't that what capitalism is all about? Advertising is a mirror of society. It follows trends, not sets them."

Gurney Nagle Advertising's Ken Gurney made the point that agencies are highly responsible people with a duty to both client and public. Advertising is directed to specific target audiences. "I can't think of any liquor or cigarette advertising that offends in the direction indicated."

Ogilvy & Mather's chairman, Mike Robinson, pointed out that the advertising industry is extremely well regulated in terms of its own self-discipline.

"The codes governing liquor and tobacco advertising exclude the possibility of exploiting young people," he said.

"I also believe that advertising encourages young people into the mainstream of society by establishing goals and rewards which are obtainable by hard work," he added.

The violence shown on television and cinema and its effect on young children is not an appropriate subject for comment by this column.

We merely include a quotation from the book *Children and Screen Violence* (University of Queensland Press) by Dr Patricia Edgar, senior lecturer and foundation chairperson at the Centre for the Study of Educational Communication and Media in the School of Education at La Trobe University.

After conducting research on hundreds of Australian children she concludes:

"In the study reported in this book, I found that the children in the sample made more sophisticated discriminations about mass media content than many people assume children are capable of. It was clear that violence *per se* was not disturbing to children. They interpreted violence within the accepted conventions of the genre of each film."

"It was clear that each individual's perceptions of film and television content depended upon that individual's unique experience and view of the world."

"It was clear that the children saw and interpreted content differently from the adult viewers who were involved in the study. Different things assumed importance for both groups."

"The research indicates we need to study the things children say are disturbing to them, not what we as adults think will be disturbing to children. Children have a perspective that is often surprisingly different."

The adze column

by Grev Wiggs

THE Cossack brand of men's toiletries is certainly not one of the up-market ranges. But when, even in fun, you

associate its use with a convict, what does that do for the product image? In TV-land, does guilt by association apply?

NOTHING to do with the tour. But it is mildly irritating to find in a South African Air-

ways ad in *Readers Digest* ("15th year in New Zealand") references such as a dinner costing "about two thirds Australian prices" and "weather as mild as an Australian spring". We thought only the

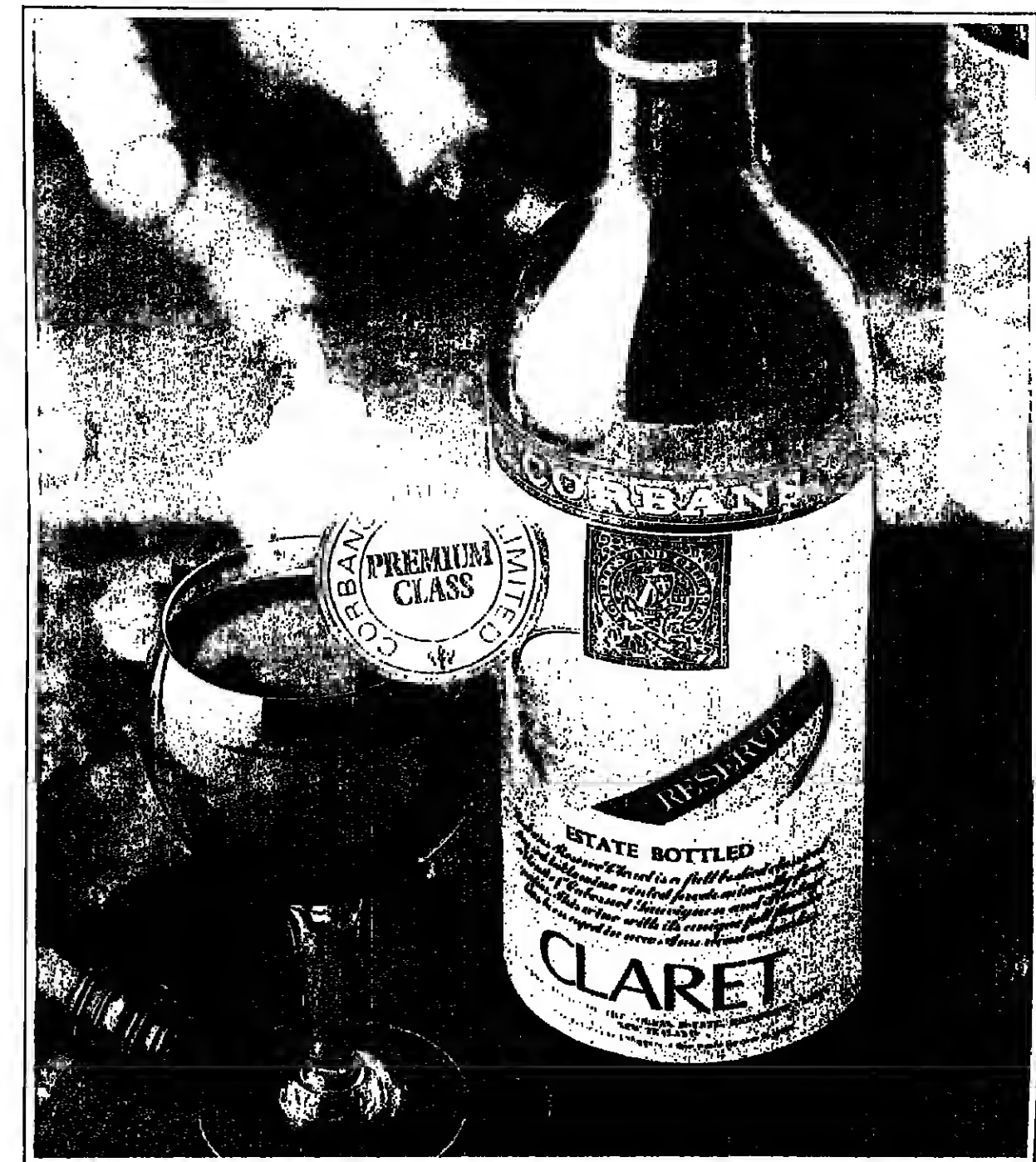
Americans believed that New Zealand was an Australian outpost.

IN the same issue, a deft timing device. Three consecutive right-hand pages for Penfolds Wines in the same week as the

prospectus was launched. "The Penfolds news story that broke the same week provided a challenge to the good reports the issue originally received. It will be interesting to observe the company's PR handling of the contretemps."

Admark

Corbans Premium seal...



a reflection of your good taste.

Corbans Premium Seal is much more than mere decoration.

It is your assurance that every bottle has been vinted from grapes alone, thereby meeting the highest winemaking standards set down under statute in 1980.*

The significance of Corbans Premium Seal is obvious to your palate.

Clean, crisp and fruity whites. Soft and mellow reds.

Premium wines in every respect.

* H.M. Government regulations April 1980/73.

Corbans Premium seal — the envy of other winemakers.

© Copyright 1981, Corbans Wines Limited.

Corporate strategies

How Grand Met keeps clinching fast deals

by Richard Lambert

GRAND Metropolitan, a multi-million British consumer and leisure group, has just snapped up Pan Am's Intercontinental hotel chain subsidiaries — in a deal clinched before potential rival bidders knew the hotels were on offer.

Stanley Grinstead, managing director of Grand Metropolitan, was contacted early in July by a middleman who offered to set up a meeting with the top management of Pan American World Airways. It seemed like a good idea.

Sometime in the spring, the British group had started to think about the implications of the financial crisis in the world's airline business. With the help of a United States investment bank, it had made a study to determine which airline might be willing — or forced — to sell off potentially attractive assets.

As a result, Grinstead flew to the United States on July 9 and told Pan Am that Grand Metropolitan could be interested in buying its Intercontinental Hotels subsidiary. Pan Am replied that it was not for sale, but agreed to make information available about the business.

After some delay, these details reached London on Tuesday August 11. And on the following Saturday, Grinstead was back on a plane to the United States, along with finance director Michael Orr and assistant managing director Clifford Smith.

It was intended to be a brief meeting. Orr left his car in the short stay carpark and is now,

according to Grinstead, trying to work out whether its value is greater than the parking charge.

But the talks dragged on. Late on the Sunday evening, Grinstead made an offer for Intercontinental to Pan Am's chairman. This was accepted subject to ratification at a board meeting which was eventually held late in August.

So the British company had made a firm bid two days before Pan Am publicly announced that it was planning to sell the hotels as part of a deal with its bankers to provide some badly needed financial breathing space. US reports indicate that a queue of rival bidders has been left stranded at the starting gate.

While other potential bidders were just beginning to think about the numbers Grand Metropolitan was already completing details of the final contract, which was to be signed immediately after the Pan Am board meeting.

"We were there before anyone else and able to put a bid on the table at the right time," says Grinstead. The fact that its offer could, with luck, be completed by the middle of the month was obviously important to the badly pressed American sellers.

It also helped that Grand Metropolitan was a foreign company. Pan Am could not afford to get snarled up in any of the anti-trust problems which might have followed a bid from a United States company.

Even so, the board meeting lasted over five hours and did not finish till after 7pm New York time. Contracts were exchanged and three hours later the British executives were back on a plane.

This kind of fast-footed seizing of opportunities is typical of a group which has been buying other people's businesses

for 20 years and more. More than a decade ago, for instance, it launched a bid out of the blue for Express Dairies within 24 hours of learning that it might be available.

But what is really remarkable about Grand Metropolitan is the continuing pace of its expansion. Whereas many entrepreneurial businesses tend to lose momentum when they reach comfortable middle age, this one just keeps on running.

Although its annual sales last year exceeded \$NZ5000 million and its profits this year might near \$400 million, before tax, the group still wants to get bigger.

What is unusual, too, is the fact that it has maintained a respectable return on capital employed. This is in marked contrast with many of the acquisitive companies with which it used to be compared in the high-flying days of the early 1970s.

One explanation lies in its choice of takeover candidates. It has specialised in leisure and consumer product businesses with a strong property base, and has largely avoided the pitfalls both of heavy manufacturing in Britain and of dealing in purely financial assets.

If anything, the pace of ac-

quisitions has hotbed up during the last 18 months or so.

Within that period, the group has paid nearly \$600 million for Liggett, the American drinks, tobacco and pet foods business.

Other deals have included acquiring control of London's Palm Beach casino; buying Warner Holidays and a fast-food business in London; an investment in the North Sea and another in Biogen, a biotechnology company.

There seem to be three main reasons for this latest bid. In the first place, Intercontinental Hotels Corporation is seen to be an attractive and well managed business in its own right.

Second, the diversification of Grand Metropolitan has from the first been built around a solid core of hotels and catering companies.

The third, and from Grand Metropolitan's point of view the most important feature of the hotel chain, is that it was available. Although the opportunity came soon after the first major step into the United States through the Liggett acquisition, it was the kind of deal which the British group just could not resist.

In financial terms, the bid

will have a significant impact on Grand Metropolitan's balance sheet. Grinstead says that the net asset value of the hotels is significantly understated in Pan Am's books at \$US116.4 million.

But although he is planning a revaluation of the six wholly owned properties, and will consider having formal valuation made of Intercontinental's management and lease arrangements, it is clear that the purchase price will still include a substantial amount for goodwill.

The acquisition will be financed through bank borrowings, which in turn will push the group's gearing ratios up to quite a high level.

Orr puts the scale of the bid into perspective by pointing out that the group's spending on fixed assets alone this year is approaching \$450 million. And Grand Metropolitan has for some time been considering the idea of selling off some of its second line business both in Britain and the United States.

But Grand Metropolitan has raised more than \$200 million in new equity during the last six years to fuel its growth ambitions, and the City is betting that sooner or later it will be back for more.



Welcome to Pacific Class

Air New Zealand's Pacific Class. Not quite First Class, but almost. Created for individuals who like individual service.

A spacious 16-seat cabin that hard-pressed business people will find conducive to in-flight work. A quiet roomy 'club' where they can make up some of that precious work-time they might be losing. Or, if ahead, where they can relax and watch a movie!

Pacific Class has its own galley. And, of course, its own cabin attendant, expanded menu and complimentary wines from the extensive wine list.

Pacific Class, with just 16 seats on the upper deck, brings new prestige and comfort to the business traveller for little more than the normal economy fare. What's more, Pacific Class travellers enjoy

special check-in facilities, access to the Air New Zealand's VIP lounge at most airports, and their luggage tagged 'priority baggage'.

However travel-experienced you think you are, you'll still be able to appreciate the extra space, relaxed atmosphere and special service of Air New Zealand's unique Pacific Class.

Experience Air New Zealand Pacific Class — not quite First Class but the next best thing.

Fly the flag
The Pacific's Number One

air new zealand



DWMB 82618 DE

Phone that Telex message

Telex service is now as close as your nearest telephone.

Take advantage of the Post Office's 24 hour 'Phonatelex' service operating nation-wide. Simply:

- Call "Telegrams" (or if you are calling from outside a Chief Post Office telephone free calling area—dial tolls)
- Ask for 'Phonatelex'
- The operator will take your message, arrange for it to be transmitted to the telex subscriber and post you a copy
- Its almost like having telex in your office

Phonatelex



Telecoms

YPI01

An investment that could be exciting and fun with the prospect of substantial Tax Free Gains



Horses in training are horses that will be racing this season — and a racehorse is an exciting investment. See your future investment parade (at the gallop) at Ellerslie Racecourse 2.30 pm on 24 September. Make your bid at 7 pm — that's when the fun starts.

Wrightson Bloodstock 1st Annual Horses in Training Sale

24 September, 1981, at
ELLERSLIE RACECOURSE, AUCKLAND.
PARADE: 2.30 p.m. SALE: 7 p.m.

132 LOTS.



Wrightson Bloodstock Limited

P.O. Box 5321, Auckland, Telephone 31-093
10-14 Hobson Street, Auckland Telex NZ 1322

By New Zealand's top sires including DECIER, SHIPNALL, SIR TRISTRAM, SOVEREIGN, EDITION, TAIPAN II, to name just a few. 95 Two Year Olds — 37 Three Year Olds.

For full information and this coupon now
To: WRIGHTSON BLOODSTOCK LIMITED
P.O. BOX 5321
AUCKLAND
Please send me an envelope and full details of your sale of
NAME: _____
ADDRESS: _____
PHONE: _____

1845

Taxation

The 1981 Budget — a look at some of the fine print

THE 1981 Budget surfaced on July 9 but has since become submerged by other events. It has been called many things — a document for our times; a Claytons Budget — the sort you are having when you are not having one; an airport Budget — written between flights.

You can take your pick and your definition will depend on your point of view. It is not my intention to disclose my views or attempt to alter yours. The aim is to provide a brief background review with particular emphasis on the taxation aspects.

The basic purpose of any Budget is to plot the path ahead for the party in power showing many but not all of the steps along the way. It used to set out the year's financial targets in full detail but this has long since changed and perhaps it is

more exciting to have some surprises in store.

There are some basic conflicts of expectations surrounding the Budget, with different community groups looking for either increased expenditure in their area or extra tax saving measures.

Whatever their different wishes, all taxpayers agree on one point: taxation is too high and must come down. For many and perhaps most in the community there was little in the Budget by way of tax relief and smokers and drinkers have found they are now contributing more to tax revenue.

While all may agree they want to pay less in tax, no one seems prepared to give up the benefits which they gain from Government expenditure. They argue about the size of their slice of the national cake rather than how to increase the

This article was specially written for National Business Review by David Underwood, a member of the taxation committee of the New Zealand Society of Accountants. Underwood — and, from time to time, other nominees of the Society of Accountants — will provide a regular column for the advice of NBR readers. The society has undertaken to have its experts examine any query by readers of matters raised in these columns.

size of the whole cake so all can have more.

It should be possible to achieve this and tax reform at the same time. We all have our pet ideas on how it can be done and perhaps we should send them to the Income Tax Review Committee. But back to the Budget.

International trade has always been a major element of New Zealand's economy. The changes in our trading patterns in recent years plus the high price increases in basic raw commodities which we have to import have made the develop-

ment and aggressive marketing of our exports all the more important.

That we must export more is disputed by none but what is debated is how it should be achieved and what role should be played by tax incentives.

Export tax incentives have been an important element in the development of our manufactured exports in the past several years and they have also provided a domestic benefit by encouraging local manufacturers to expand their businesses and employ more New Zealand labour.

Thus it was of major concern, in my opinion, that the Budget had no mention of an extension to the present export tax incentive schemes beyond their present expiry date of March 31 1985, while other tax incentive schemes were specifically mentioned and where necessary extended.

More recently Deputy Finance Minister Hugh Templeton has hinted that the export incentive scheme may in fact not be extended beyond 1985. This must leave the manufacturing industry in a state of uncertainty and hinder new developments.

As I said, other measures were covered and the Budget made specific reference to the forest industry. The Government has undertaken to carry out a searching review of the incentives and taxation concessions available to them. The Budget says "while the existing incentives have undoubtedly helped to develop a strong platform for forestry exports, we shall consider whether assistance at its current level for the major units can continue to be justified."

Loans for energy conservation, extension of farm incentives, fishing incentives, regional and industrial development allowances were all referred to and extended for a further year but there was no extension of the export incentive date.

Export assistance comes in many and varied forms and will be the subject of a separate article. Needless to say all manufacturers and producers should consider the possibility of exporting and I suggest you check with your accountant to see what exporting can do for New Zealand while doing something for yourself. It can be an excellent example of "doing well by doing good."

Land Tax — There were some changes here which should produce an increase in taxation of approximately \$21 million. If your business land has a Government valuation in excess of \$175,000 then this will interest you. I suggest you check on your last rate demand as it should show the Government valuation of the land and you will then be able to check your total holding. Remember though it is only the Government valuation of the land that counts, not the improvements.

Mortgage Interest — This concession may be of interest to you and it is bound to be of interest to some of your employees. It is designed as an end-of-year adjustment but anyone qualifying will be able to get a special tax code from the Inland Revenue Department. The incentive does not come into effect until the necessary Finance Amendment Act has been through Parliament so it may be some weeks

before you can approach the department.

Homeownership savings schemes — These provide a worthwhile incentive and subsidy for first homeowners and should be brought to the attention of all likely beneficiaries on your staff. The terms have been altered in the Budget and what has to be considered is whether the benefits available through delaying a purchase are offset by the increased cost of the house. That answer will vary depending on the individual circumstances.

Public Accounts — The overall deficit in the public accounts has increased from \$1027 million in 1979/80 to approximately \$500 million in 1981/82 forecast. I presume the actual deficit this year will be in line with the forecast which effectively doubled in two years. This is good or bad depending on your viewpoint but whatever view it is a essential forecast for the country, which too many business do not bother to do for their own organisations.

I suggest you compare personal or business finances over the same period. It is about asking some searching questions about your stock, expenses, profits, creditors, debtors, overhead working capital and, not least, your future prospects.

I mentioned earlier that the Budget outlined the path ahead with not all the steps sketched in. Since Budget night the picture has become clearer. Changes in the price of gold and the appointment of the Caw Task Force on tax relief with a brief for an interim report on December 7 and a final report by April 1982.

Rob Muldoon, as Minister of Finance, left us with a list of two that he may make some further changes in tax structures before the year's end and there would certainly be scope for adjustments.

They might provide perhaps a higher rates relief deduction or an improved interest and dividend rebate. Who knows but as a country we certainly need to increase savings and a tax reduction would be less inflationary than a wage increase.

We also still have the Government's supplementary estimates to come and they can be expected to add to the Government's deficit rather than decrease it. Deficit spending can be justified but a stationary and inflation is public enemy number one right now.

If you have not already done so you should be checking to determine what effect a continuing and increasing rate of inflation will have on your business.

LOOK ONTO QUEEN STREET FROM
UNIQUE OFFICE SPACE

AVAILABLE NOW

This compact office space of 900 sq ft has just become available. Bright and airy it is situated on the second floor, 95 Queen St, Auckland. Valuable space that will appeal for a professional office but suitable for a variety of purposes. This office with an excellent lease at \$4,800 per annum. Enquiries to Auckland Ph. 788-480 ext 25.

WRIGHT PROPERTIES
Box 721, Auckland

Taxation

Recording industry makes play for Govt's ear on tax

by Peter Isaac
and Richard Fletcher

THE Recording Industry Association is making a concerted, and perhaps final, effort to make its message music to the Government's ears. It wants the 40 per cent sales tax on the wholesale price of records abolished.

The association, which acts for all the recording companies, can at last hit the high notes in its long six-year campaign: New Zealand's music industry has been making the chart action where it really counts — overseas.

With Split Enz figuring in both the United States and British charts and Mi-Sex just a few decibels behind, the recording association is optimistic.

These bands are contracted to Australian companies. Split Enz is contracted to Australian Mushroom Records. Virtually none of their success on the stages of the world returns to New Zealand. The \$3 million royalties of such expatriate Kiwis lodge in Australia.

The recording industry here wants to be in a position where it can use its own resources to finance these groups around the world at a time when Australia seems to have been discovered musically in the northern hemisphere.

The problem now is that the recording industry here is not really a "recording" industry at all. Rather, it is a promotional and distribution industry. Its share here of New Zealand recordings is only 15 per cent. This becomes significant when you consider that New Zealand's current account for annual overseas royalty payments is some \$8 million — a huge invisible import, in effect.

The other slightly less clear cut message from the recording industry is on the quotas issue. Australia is a haven for local production because of laws which insist that 30 per cent of airtime is given over to local music.

Local warblers are given no such encouragement and must compete with the rest of the world. They are at the mercy of the charity of local programme managers who are fearful of losing ratings by confronting listeners with home-grown recordings.

The 40 per cent sales tax was imposed by the last Labour Government. After some early enthusiasms on total abolition the Labour Party has become rather hard to pin down on its policy.

The trouble arose for the recording industry when it appeared to go underground as far as New Zealand recordings were concerned following the end of the Loxene Golden Disc era in the late 1960s.

The recording companies continued to record local material, especially ethnic and special interest music at the rate of one new disc every two or three days.

But the absence of local stars in the Shane mould, for example, indicated that the industry had given up on local recordings. So the industry was slapped with what amounts to a penalty tax for too much importing — and too little local development.

Now, of course, the industry runs into another problem — the Government's avowed policy of boosting indirect taxation as it whittles the top off PAYE.

Basically, the recording companies want the same privileges enjoyed by the film industry. No tax — and plenty of help. "At the moment," grumbles Recording Industry Association chief executive Fred Smith "all we get is hindrance."

The association has released a "Strategy for Development", spelling out the industry's "no-growth" revenue situation, now L.P. prices have just broken \$10.

But development within the industry has been steady with more than 20 independent record labels. Many of them are small operations, with distribution agreements with the larger companies.

One with four singles in the top 50 at the same time, competing with overseas productions, is Simon Grigg's Propeller Records. It has sold 1500 copies of one single, which has topped the charts, half the number needed to break even on production costs.

Currently Propeller and Festival Records, its distributing agent, are putting out feelers for overseas release, in Britain or Australia.

Propeller, like many of the small labels, is run on a shoestring. Grigg said his main income came from managing a band and others running smaller labels regard it as more a hobby than a business.

Some have produced L.P.s, and some of the major companies have gone into L.P. production aimed at the export market. Polygram is believed to have spent a substantial sum on producing one L.P. primarily for the overseas market. Stewart Kuhn, of Polygram, said his company's local strategy was to spend a proportion of earnings on local talent and had facilities to record up to an international standard.

In the past five years, Kuhn said, Polygram had not come up with an act that could compete with Australian acts (possibly because many migrate to Australia to try their luck), but he thought Dave McCart-

ney's new album would. McCartney has had one promotion tour in Australia and the full band planned a tour later this year.

New Zealand recording companies claim that to get the local product on radio station playlists here still requires gimmicks, such as getting as many of the artist's friends as possible to buy the record — local charts are based on local retail sales — so the statistics will notice it. Other plays include capitalising on a band's following in local night clubs or pubs, and getting film clips made for one of the local television pop programmes.

But the biggest burden is tax.

Meet the V.I.P. of VHS

Sharp. In and out in front for home video entertainment.

If you've been eyeballing what's currently available in home video units, you'll know already that VHS is the superior system.

But you won't have seen anything to match the effective and enjoyable technical wizardry of the new Sharp V.C-7700 video recorder/player — the V.I.P. of VHS.

Out in Front

First, it's a front-loader. Almost unique on the New Zealand market to date. Certainly unique in its price category.

Sharp V.C-7700 receives your video cassette smoothly, almost gratefully. Nestles it gently, automatically, into the playing position.

Dust can't follow or penetrate. There's no way. From then on, its operation is so simple and foolproof.

A 10 year old child could figure it out. Supersearcher

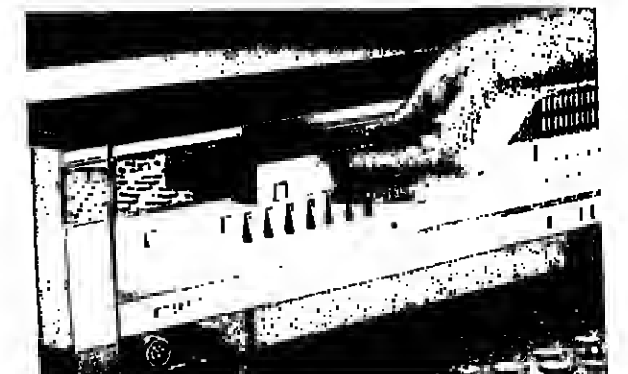
A totally exclusive feature — Sharp's patented Automatic Programme Locate Device (APLD). The benefit — fast, always accurate, search-to-locate-play facility to save time and frustration in finding the programme you seek, wherever it may be on up to three hours of videotape cassette.

Zapl You've got it

With the Sharp V.C-7700's cordless, Infra-red Remote Control Unit, you can rewind, fast forward, stop, playback, pause/still frame, frame-by-frame advance, half-speed, double speed. All from the comfort of your armchair.

7-7-7

Another winning feature, you'll



use often. Pre-programming to record, not just one programme, but up to seven. And up to seven days ahead. On any of seven channels. These are just a few of many fascinating features and benefits you'll enjoy discovering for yourself when you test-drive a Sharp V.C-7700 at your local Sharp Video stockist.

Also available
Sharp V.C-7300 video recorder/player.
Sharp VHS Videotape Cassettes — 60 min., 120 min., 180 min.
Sharp XC-33 Portable Colour Video Camera — for use with any Sharp V.C-7700.

SHARP
Technology you can trust

Thorn Radio Industries N.Z. Ltd.,
P.O. Box 58-051, Mangere Bridge, Auckland.
A member of the THORN EMI Group.



The office
of the
future has
a key

IBM
Word Processing

Dual Curve

dual electronic ignition for alternative fuels.
CNG/PETROL & LPG/PETROL

For further information about Dual-Curve Ignition, write or telephone Autex International, P.O. Box 5179, Auckland.
Telephone: Auckland (09) 773-269 or Wellington (04) 688-211.

Marketed by Autex International Limited, Auckland, New Zealand. Under licence to Autotronics Controls Corporation, Texas.
Autex International also at Sydney, Brisbane, Dallas, London.

The case for mining: not just eyesores for eyesores'

by Warren Berryman

THE Mining Amendment Bill threatens to abort the biggest exploration boom this country has seen since the gold rushes.

It proposes to remove the prospector's automatic right to mine the ore body he has risked millions of dollars to find.

Government and environmentalists seem unconcerned that the automatic right to mine entails a sanctity of contract — a concept on which all business is based and the keystone of high-risk investment.

It's not surprising that New Zealanders should miss this point. The principles of venture capital investment in mining, oil exploration, inventions or leading-edge technology remain as foreign to our accountancy-dominated minds as the dark side of the moon. Our investors usually demand and get security and balance sheets outlining guaranteed future earnings.

If the original calculations were wrong, and the company big and powerful enough, Government can be relied on to come to the rescue with protection or a bail out.

The mineral exploration game is different. If no economic ore body is found, all is lost. There are no bail-outs or subsidies, no second prizes.

The risks are inordinately high. Thus the potential rewards must be high to attract risk capital. And the capital venturers must be reasonably secure in the knowledge they can collect their winnings if they hit the jackpot. Otherwise they won't play the game.

Prospectors invested millions under the rules laid out in the Mining Act. Now they hear the Governmental crooner saying "if you win maybe you can pick up the money, maybe not."

To those companies Government rule changes must seem a breach of contract — *un coup de dishonneur*.

Even worse, the decision to let you mine or not will be largely made at the local level where your most ardent enemies are concentrated, not at the national level where your proposed mine can be assessed in terms of the national interest.

There is mounting evidence that the Mining Amendment Bill will tip the balance against exploration investment in New Zealand. Trusting a government to honour its contracts is a big factor in mining investment decisions, to be weighed against the potential of a mineral find. And New Zealand is not considered such a hot prospect except that it is under-explored.

Some prospectors are calling Energy Minister Bill Birch the "Eric Holland of the mining industry". Holland breached the Government's contract with the oil explorers with his \$3-a-barrel oil levy and killed oil exploration for four years — time enough for Birch to erase Holland's measures and reintroduce some semblance of sanctity of contract.

Now the miners are under the same threat as the oil explorers were in 1976.

But there is a difference. Former Energy Minister Holland was guided by bureaucrats. Birch's Mines Department is staffed by men who have worked in the industry they administer. Many of them have worked underground, where the camaraderie and interdependence binds men as it binds old soldiers.

Not surprisingly, the environmentalists see miners and department as one and Birch as a vulnerable political animal.

Election-year politicking, hyperbole, misinformation and emotion have obscured the fundamental differences in attitude of mind between the prospectors and their opponents.

The debate has yet to answer the prime question: Do prospectors really want to destroy the mountains and hills in

which they choose to spend much of their working lives? If so, why?

Some 11 years ago, as a geophysical exploration crew chief, I worked near Crested Butte, Colorado.

We were working atop the Red Lady, a beautiful mountain complete with pine-fringed glacial lake. Our target was a molybdenum deposit.

In the clear air of the Rockies our target was obvious to any

prospector within 20 miles. A huge mineralised plug, forming a soft core to the mountain, had been weathered away leaving a big saddle on top and a tell-tale mineralised stain down the mountain's flanks.

More recently, Amstar decided to turn the Red Lady into one of the world's biggest molybdenum mines — and provoked an environmental storm that reached national proportions.

Crested Butte has much in

common with Coromandel. As a poor man's Aspen, the town attracted the ski-bums as Coromandel has attracted artisans in search of an alternate life style, beauty, and peace away from the madding crowd.

Crested Butte was a mining town — unusual in that it had hard rock minerals such as silver, molybdenum, and copper, as well as enough coal to earn the name Pittsburgh of the West. But the mines played out, leaving only a handful of

old-timers to keep the town from becoming a ghost.

The ski-bums — not bums, really, but young professionals who had made their pile in New York, Chicago, or Detroit and wanted to opt out of the rat race — came and stayed. They took over the town.

Town council meetings convened around the wood store in the Forest Queen Hotel, where it was decided to keep the wild west board walks, and make sure the pot holes remained in

sake, but consideration for the risks involved

the road to slow down traffic.

The old miners and the young newcomers got on like a house on fire. It was as if history's cycle had thrown the two together to recreate Norman Rockwell's America — an era of communal feeling and old-style values, beer ball games and a Fourth of July parade with banners and bunting and the whole town joined in.

Crested Butte was a fantastic place. I loved it. But we were

looking for a mine. And the town hated us.

As they saw it, if successful, we would bring in rough miners, bar-room brawls, big money, whores, dirt, noise, heavy machinery, and wreck the backdrop to their paradise. They were probably right.

We, in our tramping boots, resented the soft townies with their Wordsworthian prattle about the holistic nature they had never walked in, much less fought and conquered. Like

Melville's Ahab, we figured we had braved the elements and had a right to kill their Moby Dick — the Red Lady.

The rights, the wrongs, of this fundamental argument may never be decided in rational debate. Some men want to conquer nature, others are content to enjoy it as it is. I am torn between the two. So, perhaps, are all miners and prospectors.

The prospector must enjoy his element or he wouldn't be

in it. The exploration game is tough physically, and tough on wives and marriages. The prospector is like the Southland farmer, the fisherman, the mountaineer, the lover. He loves the challenge, but wants to win all the same.

The anti-mining protest in Coromandel is a carbon copy of Crested Butte — bright young newcomers take over an old mining town and do their utmost to prevent mining. The members of the anti-

mining lobby I met in Coromandel were all professional men who had opted out of the rat race. They all had the brains, professional skills, and political nous, and drive to stop the miners dead in their tracks — and they have largely succeeded.

Tough luck for the prospectors that the minerals they sought lay in Coromandel rather than somewhere where jobs and money meant more than trees and flowers.

But do the residents of Coromandel have the right to stop a mine that might bring benefits on a national scale? No-one wants a mine in his backyard — or for that matter a motorway.

If parochial interests did not give way to larger interests, it is unlikely any motorway would be built. But the proposed new Mining Bill gives the locals a lot of say in stopping a mine that might bring immense national benefit.

In their headlong rush to oppose mining, the environmentalists don't seem to consider the possibility that mining might be less damaging than other foreign-exchange-earning options.

The Peninsula Watchdog group put out a poster carrying a photo of a huge open pit copper mine saying, "Peninsula Watchdog is dedicated to ensuring that open-cast mines like the one shown do not become part of the Coromandel landscape."

If New Zealand had such a mine (geologists doubt such a porphyry copper deposit exists), it might earn us something like \$1000 million a year. Sure, it is a great, ugly hole in the ground. But to earn the same amount from pulp and paper we would need huge areas of pine trees grown in the Rotorua-Taupo tourist area.

The pulp and paper industry is heavily subsidised both with export incentives and selling state-owned trees for less than half the cost of growing them.

Or one could stack up the \$1 billion hole in the ground against Hugh Fletcher's aluminium smelter, damming salmon rivers to provide the power.

No-one but the environmentalists is talking about a mine anywhere near this big. The Waiti gold mine, if and when it opens, will probably be about the same scale of operation as the Winstones quarry in downtown Auckland.

If some one company opened a mine in the Coromandel and provided infrastructure and a mill, it would open the way for many small "two men and a dog" mining operations.

Small-scale miners haven't the money to start on their own. But if they can sell ore to an established mill, only a small investment would put them into operation mining residual ores in the many small mines that pepper the Coromandel.

Facing this sort of argument, many in the environmental lobby turn up their trump card — the multinationals are out to "rape New Zealand".

Forgetting that multinationals played a big role in developing this country, one might look at some of the mining companies in the thick of the fray. Mineral Resources was started off by Jack Barclay, a Kiwi prospector made good and still backed with New Zealand investment.

Gold Mines of New Zealand also has a considerable New Zealand shareholding.

If the multinationals are as hated as the environmentalists say they are or should be, this factor might be the greatest environmental safeguard.

The hated multinationals would be scrutinised much more closely than a good Kiwi company.

Declaration of interest: staff reporter Barryman worked in the mining and exploration industry for some years. He has no present interest in or affiliation with any mining company.



Honda Accord.

Honda Accord offers no compromise. In design flair. In precision engineering.

In exacting standards of assembly.

And in remarkable refinements that advance the revolutionary development of an already exceptional car.

Refinements such as the unique overdrive facility on the Hondamatic. This remarkable refinement gives the benefits of even more fuel economy, greater power response.

Or certain other refinements where the distinctions may be subtle, but highly significant for the owner who accepts no compromise.

Tinted glass for example, to shield your eyes from the glare.

Larger wrap-around rubber bumpers and mouldings to protect the coachwork.

Wider tyres for greater safety margins on the road.

All you've heard is true. You can afford no compromise.

See your nearest Honda Centre.

All you've heard is true.

SPECIFICATIONS

Technical
High-torque 1600cc overhead camshaft engine
5-speed transmission Hondamatic with overdrive
Independent Macpherson strut suspension
Rack and pinion steering
Equipment
Technician
Quartz digital clock
Safety indicator panel for doors open / brake light failure
Interior hatch release†
Interior hood release*
Rich Tudor beige velour seating and cut-pile carpets
Adjustable velour covered head restraints
Child-proof door locks*
Rear wash wiper
Coin tray
Front seat-back magazine racks*
Rear centre armrest*
Fully trimmed boot*
Heater ducts to rear compartments*
Rear parcel tray†

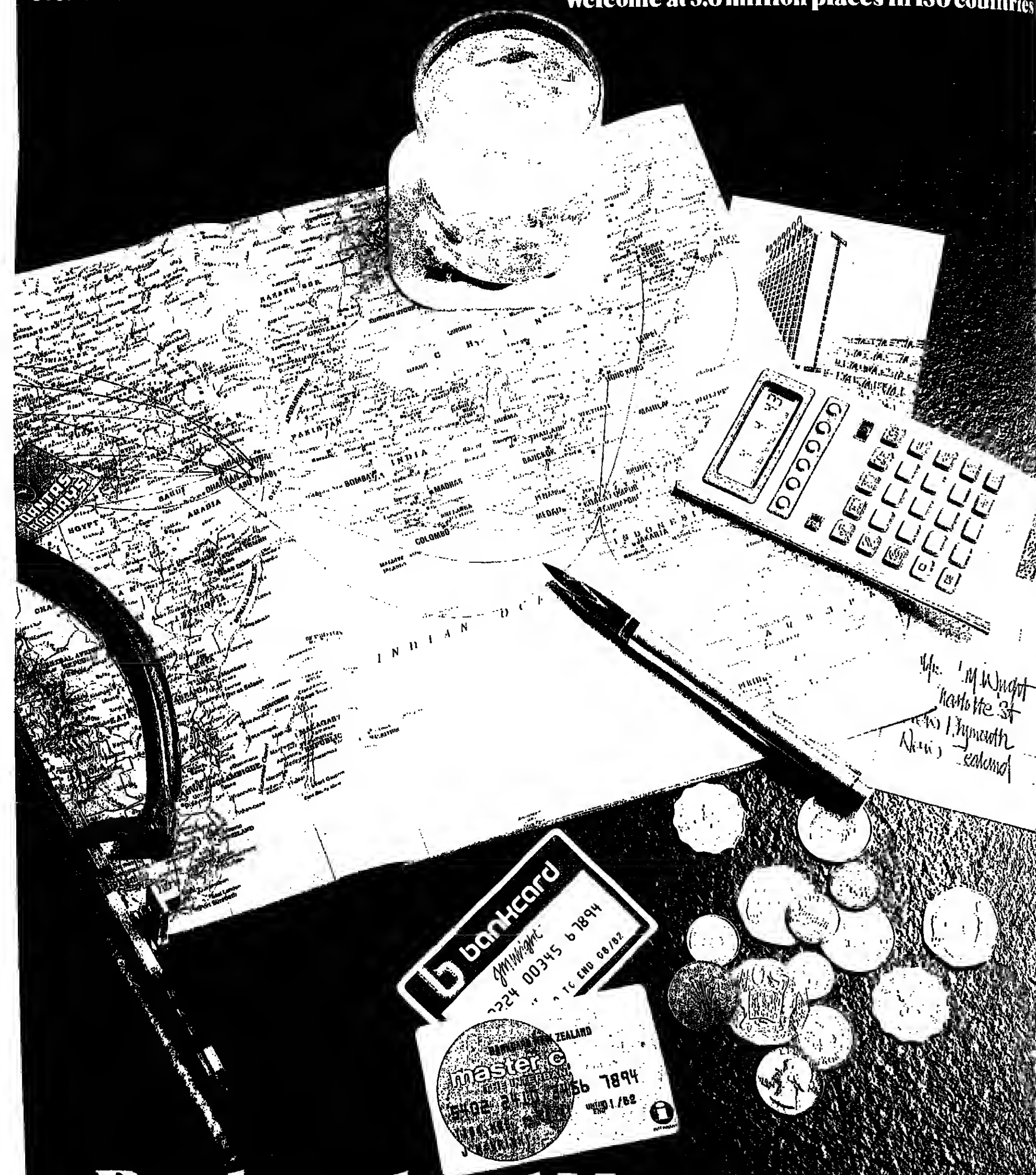
Exterior
Wide section body mouldings
Tinted glass
Pillar-mounted retracting aerial
Locking fuel cap
Wheel trim rings
Mudflaps
Driver's exterior mirror
† 3 Door only * 4 Door only

HONDA
ACCORD
Hondamatic or 5 speed manual
New Zealand Motor Corporation Limited LMD
Available from dealers and branches nationwide.

MC400, Mackay King

Bankcard for New Zealand, Australia, Norfolk Island and the Cook Islands.
Master Charge for Europe, Great Britain, U.S.A., Hong Kong, Singapore, Japan, and well over a hundred more countries world wide.

Two cards to give you extended credit on the same account for accommodation, restaurants, air tickets, car rental, shopping and all other travelling expenses.
Welcome at 3.6 million places in 150 countries



Bankcard and Master Charge
The ideal travelling companions

Mining and minerals

Mining changes — what rights are left to public

A MAJOR and crucial theme to the mining debate has been the role of land-use planning procedures; whether the activities of the mineral industry should be subject to ordinary land-use planning procedures and controls, or whether they should, in some way, be given special treatment.

Birch said in October last year: "I'm anxious to tie the mining legislation into the Town and Country Planning Act so that the land use activity can be a matter for the local bodies to decide on. In my view the mining interests should be required to make an application to the local body, if mining is not a predominant right in the district scheme. That's a matter for the local bodies themselves."

But either the Minister has changed his views about Town and Country Planning and the decision-making powers of the local bodies, or the bill fails to fulfil his intentions.

For instance — in comparison with their role under the Town and Country Planning Act 1977 — the bill gives territorial authorities the powers only to offer advice to the Minister rather than make their own decisions and impose conditions after hearings.

Without the powers of the Planning Act the territorial authorities will lack the power conferred on them by that Act and this will probably mean they will not hold hearings because of their inability to pay councillors, to recover costs, and to fit their procedures into the 40-working day time limit.

The public are likely to find that their only opportunity to be heard will be after the package of proposed conditions has been arrived at and advertised, not before. In this sense the public are left out in the cold to participate as objectors after everyone else has had a say.

The mines division and I have long differed over the interpretation of "prospecting" under the existing Acts.

The mines division takes the view that under the existing Mining Act "prospecting" equals mining equals prospecting. I claim that prospecting is much less than mining, though "mining" includes prospecting.

There are two elements to any interpretation of "prospecting" under the existing Act. On one hand there is no explicit definition of prospecting and the only reference to it in the interpretation or definitions section of the Act says "mining" means mining operations; and includes prospecting.

On the other hand section 55 outlines the rights of holders of prospecting licences and deals with rights to enter on to land to dig pits and tunnels, extract and remove samples and so on.

In my view the mines division's equation of prospecting to mining — which interpretation they have confirmed to me — is a simple but fundamental error.

The Minister denies that holders of prospecting licences will be given greater rights by the bill. But how can the addition (with no off-setting deletions) of an extra clause that specifies that, subject to conditions, the holders of a prospecting licence may "erect, maintain and use buildings, dwellings, plant and machinery, construct, maintain, and use tracks and engage in other works in connection with and for the

purpose of the prospecting" possibly be interpreted as a restriction on the rights of licence-holders?

The only other change bearing on "prospecting" is the provision of a definition which is generous and allows high-impact mining feasibility trials, the type of procedure which Mineral Resources and Green & McCahill used to extract \$2.3 million (at November 1980 prices) of gold and silver ore from their Matiu Hill prospect.

The Minister's claims that clause 19 of the bill "introduces a new provision for local authorities to be forwarded copies of applications for prospecting and mining licences which will include details of the work programme and an assessment of the environmental impact" is inaccurate, but may reflect intentions which would be widely welcomed.

The bill does specify that applications will be forwarded to territorial authorities — but does not specify that these are to include the workplan, or the environmental assessment form which must be sent in with the application (already current practice).

The environmental assessment form, at least, is clearly distinct from the application form itself and the present practice of mines division is to deny inquirers the right to see it, the workplan, or anything more than the name and address of the applicant, the legal description of the land and a map.

The bill says nothing which would change this. Perhaps the Minister's staff have erred here. The bill is silent also on the matter of making reports open to the public.

The Minister states that objectors could send objections to him or to the mines division if they find the new procedure too expensive. He ignores the fact that this is the existing arrangement which has been found unsatisfactory and has led to the proposed arrangements that objections should be put to the Planning Tribunal or some other planning body that does not suffer his own (portfolio-imposed) bias in favour of one land-use against another.

It is no solution to send those who are poorly-off back to the old system. Anyway, section 127 which channels objections to the Minister is repealed by the bill.

The Minister's defence of the lack of concessions to farmers and landowners is particularly weak. The core of land-owner complaints is the property-rights issue; the fact that freehold ownership of the surface of the land may count for nothing against a prospector's or miner's wish to dig the land up for the minerals below.

The bill does nothing to alter the fact that privately owned land may be licensed out by the Government for prospecting and mining against the wishes of the owner and occupier.

Section 37 which allows this even when the minerals and access to them are in private hands remains unscathed by reform. The bill does not even provide for the courtesy of sending to the owner and occupier copies of the application and proposed conditions when these are prepared for objections.

The moor changes the Minister mentions require company officials to identify

SELECT committees are pouring through submissions on the Mining Amendment Bill in an attempt to realise Energy Minister Bill Birch's wish that the legislation take effect from October 1.

As farmers, miners, fishermen and environmentalists mingle in the corridors of power, NBR continues a correspondence which has delved into the minutiae of the legislation.

Cath Wallace, a economist, replies in this letter to Birch's letter in NBR (August 31).

themselves, and to give farmers three working days' rather than 24 hours' notice of entry on to land, are not going to get to grips with farmer concerns.

The Minister quibbles at the suggestion that the Minister of Energy determines the scope of investigations. It is true that eventually the Planning Tribunal hears objections, but before this the Minister decides whether to refer applications to the catchment boards and Commissioner of Crown Lands.

Extensions of time for investigations by these authorities and the territorial authorities are dependent on the pleasure of the Minister of Energy, and it is the Minister of Energy, not the Environment, who decides what environmental studies or reporting should be done.

Objectors have to force a compromise from the package of conditions which the Minister puts together. The Minister, in setting the starting-point for compromise has a built-in advantage. There is no disagreement that the

Planning Tribunal has the final say.

If the Government is serious in its desire to safeguard the environment why is the role of the Commission for the Environment restricted to discussing with the tribunal audits of environmental impact reports on an invitation-only basis?

The Minister always has the right to decline an application for any reason. I call this power a veto, a description which any dictionary will confirm is accurate.

The Minister does not come to grips with my concern with prospector's rights on unoccupied Crown land. The bill provides a new definition of "to prospect" which includes mining feasibility trials. These can involve drilling, trenching, and bulk sampling by making tunnels or substantial open cuts.

The industry and mines division argue that the construction of plant, equipment, buildings and dwelling houses and tracks are all part of "prospecting" and they use this to justify the additions to section 55.

Section 55 does not apply to prospectors' rights, but my point is that if these activities are accepted as part of "prospecting" then they are also allowed under a prospector's right, since this authorises the holder to prospect. The clause which specifies that this must be done "with as little damage as possible" is so open as to be no barrier to any of the above activities.

It is agreed that these rights are not exclusive but agreements between companies not to interfere with each other's activities would cope with this. Prospectors' rights are totally exempt from planning or other scrutiny.

How to give yourself extra advantages by leasing your next car



TAX AND CASH FLOW. Two major problems that face most companies, self employed and professional people.

BNZ Finance car leasing can help both. It's easy and as close as the Manager of your nearest BNZ bank. He can explain the conditions and the advantages of leasing, the outlay and the repayments. What's more, he can make it happen on the spot.

BNZ FINANCE
CAR LEASE FINANCE

BNZ Finance Limited
BNZ 1000 0000

What Christian Dior told us about direct mail advertising

Case Study Number Four

Elegance Evoked

Amidst the tradition of describing perfumes with superlatives in order to create a mood of luxury and sophistication, the sense of classic style evoked by the name "Christian Dior" is a rare image. The need to retain and even strengthen that exclusive image while promoting the company and its stockists led Christian Dior to Direct Mail. In a campaign created by Auckland's Mell Marketing Associates Limited, a list was selected of busy professional executives, including company directors, barristers and solicitors, doctors, dentists, advertising and public relations executives, to whom the prestige of the Christian Dior range might appeal. Given that these top executives would be busy and furthermore, that they would be very likely to have their mail opened and screened for them it was decided to direct the mail to the Personal Secretary of each executive.



Stockists Advised

The samples were available only by visiting Christian Dior exclusive stockists, listed on the invitation card and amended for each area. The stockists were fully briefed on this pre-Christmas promotion, so that they could reimburse the secretaries accordingly and specially gift-wrap the purchase.

Implied Endorsement

The letter thus received by the secretaries reflected on the exclusive nature of the Christian Dior range and gently suggested that they should remind their directors of the significance of a gift of quality French perfume. To motivate and encourage this implicit endorsement, an invitation was enclosed which entitled both secretary and executive to "l'echantillon parfum Christian Dior" (a sample of Christian Dior perfume).

Excellent Results

Over 3000 samples were given out by Christian Dior stockists, with consequent improvement in store traffic during the promotion. And the purchases that resulted meant a 50% increase in turnover for Christian Dior. In their view, "Direct Mail fulfilled the promotional objective, establishing Christian Dior as an ideal Christmas gift while retaining the prestige image by appealing to potential purchasers on a personal level."

depth, available absolutely FREE simply by filling in the coupon below.

The first booklet, A USER'S GUIDE TO DIRECT MAIL touches on the most important steps and gives a general outline of the medium. The second, HOW TO PRODUCE DIRECT MAIL is designed, to aid you to produce part or all of a Direct Mail campaign if you prefer "do-it-yourself". The booklets won't replace specialist help but they outline the main features of Direct Mail (both the advantages and the pitfalls). For free copies of the two booklets send the coupon to:

FREEPOST No. 1
Marketing Manager,
New Zealand Post Office,
P.O. Box 23 WELLINGTON



MAIL

Advertising you can measure

To: Freeport No. 1
Marketing Manager
New Zealand Post Office
PO Box 23
Wellington
(No stamp required)

Please send your FREE booklets on DIRECT MAIL to:

NAME _____

TITLE _____

COMPANY _____

ADDRESS _____



NO STAMP IS REQUIRED - SIMPLY INCLUDE THE ABOVE FREEPOST NUMBER AND ADDRESS ON YOUR ENVELOPE. NBR 4

Transport

\$200 million question: who pays for logging roads?

by Bob Stott

AN extra \$200 million will have to be spent on roads before the end of the century to handle the expected increase in logging truck traffic... and no one seems to know where the money will come from. For that matter, who should meet the extra cost has not been agreed.

Theoretically there should be no problem in providing the logging trucks with adequate roads — the road user charges should cover this. But the road user charges do not even cover all the maintenance costs for back-country roads carrying logging traffic, let alone the cost of upgrading which will be necessary in almost all cases.

So there will be a shortfall in road income as the new forest blocks reach maturity and start generating traffic, and that shortfall is expected to amount to \$200 million.

At the heart of the problem is the Forest Service policy of planting pines on cheap land. The land is cheap because it is of poor quality and because access is bad. As a result there are large plantings in remote areas, with bad roads — the East Cape region, for example.

In many areas the pine plantings have checked erosion and for farmers in lower areas represent a worthwhile investment, even if the trees are never cut. And when the cost of roading in the East Cape, where good road metal is rare, is taken into account, trying to extract the logs becomes a questionable venture.

It is perhaps a paradox that the "capitalist" section of the forest industry has proved more community-minded than the Forest Service appears.

Companies such as Forest Products in the Bay of Plenty are big landowners and therefore big ratepayers. In rural areas a large share of rates goes in roading and companies like Forest Products also actually maintain certain public roads. In Nelson, Baigents is a

ratepayer which also assists the local authorities with contributions to roading funds, apart from normal rates payments. And there are other companies doing the same thing.

Overall, private foresters have planted trees in reasonably accessible areas as they have been mindful that one day the trees will be logged — and they'll have to foot the bill for getting them to the mills.

So they have usually planted in areas of reasonable accessibility and even where the attraction of cheap land has dictated otherwise, they have made fair contributions, through rates and extra payments, for the abnormal road use their industry demands.

If farming is regarded as the New Zealand norm, logging generates 50 times as much traffic, according to a Lincoln College study.

The Crown does not pay rates, but grants are made in lieu of rates. However, Forest Service payments to counties don't amount to much. "They at best represent little more than token payments and bear no relation to the cost of providing roads to required standards," the roading director F A Langbein told a recent meeting of the National Roads Board.

Concern at the money needed over the next decade or two to fit the roads to cope with logging traffic is not based on hypothetical projections, but firmly on past experience. In the Bay of Plenty over the past 20 years \$60 million to \$70 million was spent on state highways to meet the requirements of the forest industry — figures which exclude normal maintenance.

Who should meet the cost of upgrading roads for forestry? If this industry is to be treated like others, then the industry itself must make a fair contribution.

In the same way that Forest Products has paid a reasonable contribution for roads so, too,

did Comalco for the new road serving Tiwai Point. The proponents of the second aluminium smelter are also making provision in their plans to meet a fair share of the extra demands they will impose on the roading system.

If such payments are not forthcoming, then the forest industry will end up being subsidised, either by other road-users or by all taxpayers. It may be argued that it would be a friendly gesture by road-users nationally to pay a bit more than their due so that the extra cash can be ploughed into developing East Coast roads to the point where pines planted in the backblocks can be logged.

But this runs counter to the present Government's philosophy of letting costs lie where they fall.

Some sort of regional

development grant system could be set up, so the burden would be carried by all taxpayers, the argument being that such development would be in the interests of the nation as a whole and not just the forest industry, or road-users or some other sector.

Perhaps the simplest way would be a course advocated by Langbein — simply to ensure all developers contribute equitably to the costs of doing up the roads they want to use. The Forest Service could set aside some of the proceeds from timber sales as its contribution.

If the full cost of roading was to be met from the proceeds of sale of timber from remote areas, it might be argued forestry might no longer be able to return a satisfactory profit. But that would represent the attitude which sees a

project or activity in isolation, without regard for the overall national economic good.

There have been a number of such examples in recent times, including the transport of pulp from the Karioi mill, near Waiouru, to the port of Napier.

The original proposal was to truck the pulp over the Taihape-Napier road, in the expectation apparently that the nation or the district would be happy to meet the cost of doing up the road to handle big truck and trailer rigs — and at no cost to mill and truckers.

Sanity prevailed at the last moment and the pulp is now railed to Napier.

So it seems timely that a broader view of the forest development projects should be taken. At one extreme, a few blocks in the most remote areas might really be more use in preventing erosion than being

felled and transported at great expense.

Some blocks should perhaps be cut, even if at a loss after transport is taken into account, because the net gain is an increase in overseas funds, more than cancelling out any internal loss.

Studies are under way on the transport demands of the forestry industry in the central North Island, among "the national and regional implications of a range of development options for the forestry and related transport and servicing activities" over the next 25 years.

The study started mid-year and is expected to take 18 months, so the National Roads Board will probably have to wait until the end of next year before a final solution to its \$200 million dilemma is found.

THE CHOICE IS YOURS

YOUR OWN DOCTOR, SPECIALIST, HOSPITAL.



We're there when you need us... every step of the way.

Southern Cross Medical Care Society

HEAD OFFICE: P.O. Box 9583 Auckland, Phone 775-509 or contact your nearest Southern Cross Office listed in your local telephone directory.

SXMB0

dfc

Project Consultant

Development Finance Corporation wishes to strengthen the projects management team of the Corporate Finance Division in Wellington. In the past eight years, DFC has successfully evolved a unique style of project financing which combines in-depth analytical skills and commercial experience with a commitment to New Zealand's economic development. The Corporate Finance Division works with medium and large size companies on projects which will strengthen the country's industrial and economic base. This is a senior professional appointment which will attract applicants with sound business experience. They will be performance-orientated, have good communication skills and the maturity to deal positively with senior executives. Age is flexible in the range 25-40. Remuneration comprises a competitive salary and comprehensive benefits, including housing finance. Confidential written applications, with full details of qualifications and experience, should be addressed to:

Richard Rudman
Manager — Personal & Public Affairs
Development Finance Corporation
of New Zealand
PO Box 3090, Wellington

Energy

Opec in disarray over single oil price; everyone loses

by Christopher Laidlaw

PERHAPS as a final gesture of immaturity before it celebrates its 21st birthday, the Organisation of Petroleum Exporting Countries (OPEC), has failed yet again to agree on a single price for the oil of all of its members.

As this year's meeting expired on the basis of an "agreement to disagree", observers in Vienna, were again predicting the break-up and dissolution of Opec, something they have been doing for five years since the heady days in the early 1970s when Opec solidarity held the industrialised world to ransom.

For Opec, the latest debacle has certainly been distressing. It seems astonishing that the 13 member countries which drove the price of oil up 1500 per cent over the past decade should fall out over a single dollar — the amount separating Saudi Arabia and the rest.

Yet that in simple terms is what the latest dilemma really comes down to. The occasion was even more unique because Opec has never before met to consider the possibility of reducing prices.

But no one in his right mind seriously doubts that this storm will pass and that the organisation will survive. It has proved itself capable of withstanding differences, not only over pricing and production policy, but also over pan-Arab and nationalistic politics.

The current disagreement is not as traumatic as the split on prices at the end of 1976, which lasted into the middle of the following year, when Saudi Arabia and the United Arab Emirates stuck to an increase of 5 per cent rather than the 10 per cent set by other members.

As Sheikh Ali Khalifa al Sabah said — recalling the words of Mark Twain — "reports of our death are greatly exaggerated".

The meeting was called by Nigeria, hard hit by the continuing slump in demand and by high Saudi production, to re-establish a common price structure, following a 2½-year period of disarray.

The event took place on the condition set by Saudi Arabia, the organisation's moderate, pro-western heavyweight, that agreement should be assured in advance.

The kingdom's terms were well-known. They were that the basic reference price for all varieties of crude oil should be rationalised at a level of, at most, \$34 a barrel for its own Arabian light.

That would be midway between the \$32 to \$36 spread allowed under the muddled compromise reached at the last summit in December 1980 in Bali.

The stance adopted by the kingdom involved a large concession, as well as a degree of steady determination. Throughout the haphazard escalation of prices since the beginning of 1979, following the Iranian revolution, Saudi Arabia has consistently sought to restrain the upward drift. This year, by maintaining high production, it has begun to achieve its aim.

Two years ago the non-Communist world was using around 50 million barrels of oil a day, with Opec's share peaking at 32 million barrels a day.

Today, the recession, conservation and the price-impelled switch away from oil to alternatives like coal, have driven

demand down to about 47 million barrels a day.

But Opec's share has fallen disproportionately; it has been a victim of its own price extremism and of rising oil production from Mexico and the North Sea, and its total output has slumped to a mere 21.5 million barrels a day.

The Saudi strategy is to enforce an Opec price freeze and then unveil to the world Opec's "long-term strategy" based on

no longer just geographical; it is ideological and seemingly irreconcilable. In the past commercial considerations have overridden the political differences in approach between, say, the Gulf Arabs and Iraq, Algeria and Libya and all have been sweetness and light at conference-time — despite pricing differences. With the Iranian revolution, and the push/pull effect it has caused throughout Islam, that har-

using appeals to sentimentality and group spirit.

The Saudis clearly underestimated the new pragmatism of the Venezuelans. They were also sceptical about the actual Venezuelan price, which their own calculations put at around \$35. In practice any precise estimate is difficult to make.

About half of Venezuela's exports are in the form of refined products. A large proportion of the rest is accounted for by

Sheikh Yamani's stated intention of keeping its oil price at \$32 throughout 1982. The economic well-being of the West and the long-term market for Opec oil remain the Kingdom's prime concerns.

But, political factors, particularly the lack of progress towards a solution of the Palestinian problem, could rapidly affect the equation. The situation in the Middle East is, if anything, even more

pared to a target level of 14 barrels a day, and 700,000 barrels a day that it needs to balance its budget.

Algeria is in a stronger position because of more binding contractual commitments, but cannot feel complacent. Notwithstanding its intransigence, Iran must soon be forced to offer substantial under the table discounts. The same is true of Iraq.

What then does the longer-term future hold for the price of oil, the key question for all the consuming countries, including New Zealand?

For a year at least, and probably two, members of Opec — and indeed all oil producers — face the prospect of an erosion in the real value of their per barrel receipts. Members of Opec who refused reunification of prices last month may well regret quibbling over \$1 and losing the opportunity of stabilising the price.

Even so, the chances of realignment at the end of the year look slim. Sheikh Yamani argues that the price of oil should be subject to demand like any other commodity, and thus liable to go up or down.

Most other members of Opec do not see it that way. And the Saudis have underlined their own argument by cutting production by one million barrels a day immediately after the meeting as a conciliatory gesture, rather than strictly commercial.

And other important considerations are at stake. As a result of the failure to reach prices, the adoption of the system of indexation recommended by Opec ministers earlier this year has foundered again.

Under the proposed mechanism, prices would be adjusted quarterly to take account of inflation in industrialised countries, fluctuations in the value of the dollar against other currencies, and the growth rate of members of the Organisation for Economic Co-operation and Development.

This highly important innovation would constitute a central element in the reconciliation of the dual interests of oil producers and consumers. It is, too, of key importance to the package of reforms which heads of government of the "North" and the "South" will consider at the Mexico summit in October.

Indeed, without this device — for protecting the producers' future purchasing power on the one hand and the consumers' capacity to absorb planned, but moderate, increases in their oil bill on the other — the chances of constructive reform of the world economy are substantially reduced.

Thus, attention turns now to the next summit meeting of Opec at the end of the year. Will reason finally prevail or will the exigencies of narrow nationalism once again drag the world's most important cartel even further into disarray?

It is very important for the world that Opec's unity is put back together as soon as possible.

Libya's output has slumped to an unacceptably low level of 450,000 barrels a day, compared to a target level of 14 barrels a day, and 700,000 barrels a day that it needs to balance its budget.

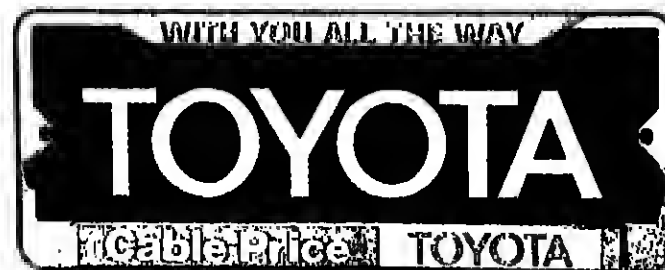
Algeria is in a stronger position because of more binding contractual commitments, but cannot feel complacent. Notwithstanding its intransigence, Iran must soon be forced to offer substantial under the table discounts. The same is true of Iraq.

What then does the longer-term future hold for the price of oil, the key question for all the consuming countries, including New Zealand?

HERE'S YOUR NEW CORONA



We'll treat it like we want to deal with you again



Whangarei, Auckland, Rotorua, Taumarunui, Tokoroa, Porirua, Lower Hutt, Wellington, Nelson, Christchurch — L.M.V.D.

a reference price indexed to western inflation and economic growth.

This would preserve Opec's real wealth but its gradual and predictable price rise would not shake the world economy by triggering sudden bouts of inflation.

If the rest of Opec can be brought around, then oil will retain an essential share of the energy market well into the next century, a vital consideration to a country like Saudi Arabia with more than a quarter of the world's known oil reserves.

The prospects of all this falling into place are not good, however logical they might seem from almost any producer's point of view.

The reasons lie essentially in the wide range of perceptions — both political and economic — which exist within the organisation.

The gulf between Saudi Arabia and Iran, for instance, is

mony is no longer possible.

The Iranians refused point-blank at Vienna to consider a reduction in the prices of their light or heavy crudes on the grounds that such a concession to the "forces of Western reaction" could not be tolerated in Tehran.

In any case they need the money. And so do many of the others who had hoped that the Saudis would relent, drop their production and let their price float up to the level of the others.

The market share for such producers as Nigeria, Libya and Algeria continues to contract and their dismay at the lack of a settlement will be all the greater in coming months.

But what was most worrying for Opec as an organisation was the newly and totally unexpected intra-Opec rivalry of Venezuela, a founder-member of Opec and the inspiration behind its formation, which has traditionally acted as mediator,

heavy fuel oil. In the context of the international market, Venezuela is insulated by its proximity to the United States, the destination of about 80 per cent of its shipments, and by long-established contractual arrangements.

It is also a reliable supplier, which did not play the spot market in 1978-79. All this explains why Venezuelan exports are still running at the desired level of 1.8 million barrels a day, despite a world glut.

It is no secret either that Humberto Berti is a candidate for the presidency of Venezuela at the next election. Thus, another triumph for domestic considerations over internationalism and this time a costly one for, although Venezuela relented in the end, it gave some of the other hardliners the opportunity to torpedo any hope of an agreement this time.

There can be no certainty that Saudi Arabia will stick to

dangerous than in 1973 before the great price shocks.

It remains to be seen how far the continued disarray will force down the average price of a barrel of Opec oil.

This was recently calculated by *Petroleum Intelligence Weekly* to be \$34.25 a barrel. That is some 50 cents down on the first quarter of 1981, indicating the depressive pressure of slack demand.

Sheikh Yamani is confident that the price will fall further. Nigeria has already begun to bring down the price of its top quality crude from a record \$40 to as "little" as \$34 to \$35 a barrel.

And the British, sheltering behind the Opec sellers of high quality light crudes have been obliged to follow suit. It is difficult to see how Libya and Algeria can avoid following suit.

Libya's output has slumped to an unacceptably low level of 450,000 barrels a day, com-

ELECTION WATCH '81

Eight-page Christchurch survey — Next week

Systems '81

DATA PROCESSING

Local firm gets into 'multi-micro' packages

Microcomputers are increasingly taking a role in the small business, but when the small business grows, what does it move on to as an information-processing resource?

The path from microcomputers to minicomputers can be a hard road. Involving appreciation of a new scale of equipment, conversion of software and often complete reappraisal of the way information processing should be organised in the company.

Suggestions for solving some of the difficulties of growth emerged as a prominent theme of the recent Systems '81 exhibition in Auckland. Included were various ways of tackling the micro-to-mini transition, with common architectures, operating software and languages, as well as the suggestion that the microcomputer step was not necessary; that a network of microcomputers could do everything a mini could, without many of the transition difficulties.

Stephen Bell examines some of the candidate solutions.

Nestar micro-networking here

THE micro-networking idea has penetrated New Zealand from at least one other source — a Californian company, Nestar, has produced a box which not only provides sharing of expensive resources, such as disc and printer, for a number of microcomputers, but itself includes the disc, a large-capacity fixed model.

The Nestar File Server, as it is known, can be used in an analogous way to Rank-Xerox's 8000 range of "servers" on its Ethernet Local Area Network (NBR, August 17).

But the NFS also includes interfaces to printer and to similar units and its more frequent use is as a central point for a cluster of microcomputers. Thus each local office within an organisation can have its own cluster of micros attached to a central NFS, with two way communication between the NFSs as appropriate.

Essentially, the same facilities are there either way; a micro can use information from, or submit information to, any file on the system.

The Nestar networking idea has been exploited by organisations as diverse as the British Stock Exchange, the Bank of America, and the devisers of a computerised playground for children.

The first New Zealand installation of a Nestar network has gone to Auckland University Students' Association, which is currently linking only two Apples into it, but clearly with room for a good deal of expansion.

Local agent is Southern Software, of Auckland, an established Apple distributor also known for its success in selling microcomputer "fantasy" games overseas.

But the company considers that its agency may be short-lived, and a British branch of the Rank organisation, Rank-

ONE of the original forms of multi-microcomputer systems to come out of the United States has been adopted locally by a company making its first venture into "package" computers.

GTS Engineering has, to date, been emphatically an "electronics" company, with a range of equipment from generators through current analysers and meters, and only marginally into the computer field, with bare microcomputer boards and small peripherals.

Now it has been chosen as New Zealand agent for the Novell Nexus, a range of microcomputer equipment designed to satisfy the growing needs of the small businesses now attracting the attention of the micro-makers.

The trouble with approaching this market, says Utah-based Novell, is that the small affordable "starter" microcomputer systems might not be considered adequate for a business looking to future growth.

Such a firm could see the conventional range of models as an expensive way of expanding its computer resources.

Novell's approach to the problem is to design its processors deliberately to break into a network.

The basic processor is incorporated into a terminal unit and hooked into a "data manage-

ment computer", which does nothing but shift information between processor and disc and tape storage.

As needs grow, more processing power and more storage can be hooked into the opposite sides of the data management machine — a microprocessor network expandable without the expense of discarding obsolete equipment.

In time, it may become more efficient to include more than one data management machine in the network. Systems in the United States are managing as many as 100 terminal computers and large amounts of store, said GTS.

Novell, having established itself in its first year, was putting out feelers for overseas agents. At the same time, GTS had begun to feel that microcomputers represented a logical progression from their

chip work, said spokesman Bob Wisniewski.

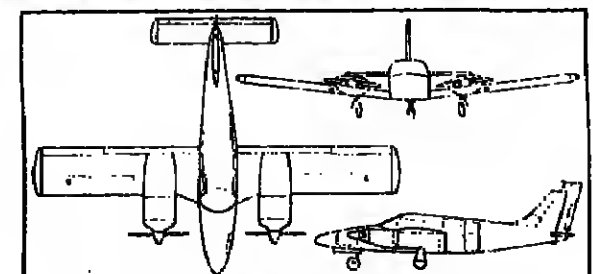
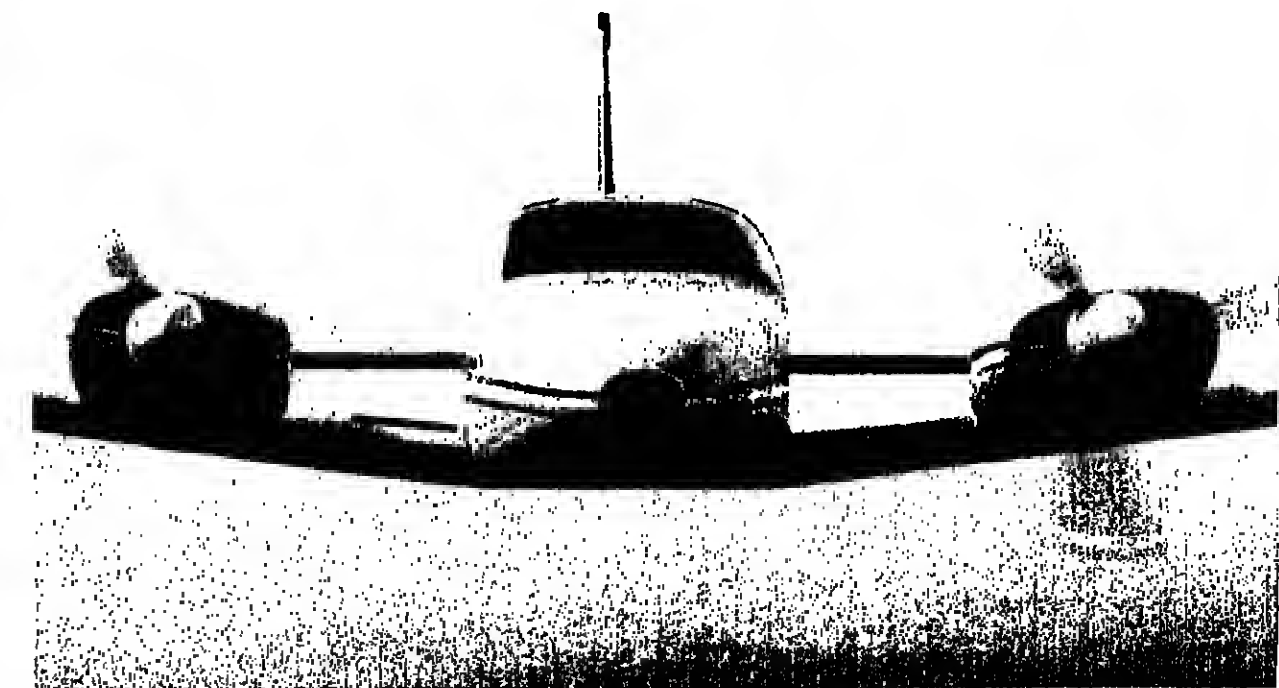
One of the manufacturer's principals had previously been with a company with which GTS has worked, so a contact was established; but GTS won out over local competition from firms already deeply involved in the computer business.

Novell itself is a curious company, built up deliberately by its parent, Softguard Industries, from high-powered DP specialists, including George Canova, former president of Calcomp, one of the giants of the US peripherals industry.

It was stipulated that everyone recruited to the company should have at least 15 years' computer experience.

At present, the Novell network is based on a micro from Zilog, but a move to Motorola seems very likely.

**THE NEW PIPER SENECA III.
THERE MAY BE OTHER TWIN-ENGINE
AIRPLANES THAT HOLD AS MUCH OR FLY
AS FAST.
BUT THEY COST ABOUT \$40,000
MORE.**



SENECA III 363 kmh/1705 km/861 kg

DISTRIBUTED IN NEW ZEALAND, KINGDOM OF TONGA, WESTERN & AMERICAN SAMOA, FIJI AND COOK ISLANDS, SOLOMON ISLANDS BY AIRWORK (NZ) LIMITED, INTL. AIRPORT, CHRISTCHURCH, NEW ZEALAND.

Piper Aircraft Corporation, Lock Haven, Pa. 17445, U.S.A.

DATA PROCESSING

DSIR woos Digital interest in locally based projects

SCIENCE and Technology Minister Ian Shearer hinted during the recent opening of Digital Equipment's new Wellington offices that the United States-based computer manufacturer might do well to invest more than just sales and service expertise in New Zealand.

"An investment in research and development," he said, pointedly, "could only improve the existing goodwill, to the benefit of both your company and New Zealand."

Having failed, for the present, to attract the multinational silicon chip manufacturers to these shores, the Government is plainly still all out to encourage practical overseas investment in the "increasingly export oriented" microelectronics industry; an industry which, Shearer pointed out, has "a low impact on the environ-

ment and a relatively low energy demand."

This time the message reached the right audience, a strong cohort of DSIR men, who descended on Digital managers John Forster and Max Burnet (New Zealand and South Pacific Region), with suggestions of co-operation.

Burnet was persuaded that afternoon to go over to the DSIR's Physics and Engineering Laboratory in the Hutt Valley, to look at some of the electronic products which have emerged both within and outside the DSIR's role as a significant user of Digital machines.

PEL has experience in hardware fabrication technology, in the form of thick film deposition — a miniaturised version of the printed circuit — and considerable background in the

architecture of Digital hardware.

This had enabled it already to construct sophisticated interfaces between the machines, and monitoring equipment or other processors. With Digital's further aid, some eminently exportable products could be produced, particularly using local software expertise.

The DSIR men hinted, moreover, that it could be to Digital's own good to establish now a connection which would give its products a New Zealand content, be it hardware or software.

There is, some feel, the possibility that the Government could tighten up its "offset" program, requiring not just major projects but moderately expensive technical set-ups to have some New Zealand-built element.

Only a few hours before

opening the Digital offices, Shearer had witnessed one of the successes of DSIR-originated local technology, when inaugurating the manufacture of a multi-channel radiometer by Delphi Industries, of Auckland.

The hand-held instrument measures reflected visible and infra-red radiation from surfaces at ground level, helping to

identify the radiation patterns picked up by aircraft and satellite observations and "tag" them to real features of the terrain.

The radiometer is reckoned to be superior to overseas models and to have a large export potential.

Digital, meanwhile, is by no means shy of making a contribution to this country's elec-

tronics expertise. Some months ago it suggested setting up, within one of the technical colleges, a microelectronics engineering course.

Digital said it would supply training for instructors, documentation, and a machine for "hands on" work, but the proposal met with a cool response from the Education Department.

Orion contract boosts Progeni

THE five-figure offset contract won by Lower Hutt firm Progeni to supply software for the Royal New Zealand Air Force's Orion aircraft is "a hell of a good start" to Government recognition of New Zealand software expertise, says managing director Perce Harpham.

It might, he reflects, lead to a greater awareness of the value of that expertise by those deciding local large contracts. "It seems a pity that we have to travel outside New Zealand to do New Zealand work," he told NBR.

The Orions are being refitted by Boeing in Seattle, and Progeni's work will consist of software development for detection and navigation systems on the aircraft. "Two of our people are already in Seattle; one from Wellington and one from Auckland, and another will be going shortly from the Wellington office."

An enthusiast for the home-based development of software by New Zealand firms, Harpham doubts that much work of this kind will be done, "at least until the planes come to New Zealand."

The task of developing and maintaining the aircraft's electronic systems will be essentially open-ended. Not all of the maintenance is covered by the current contract, but Progeni obviously stands to gain a lot of the future contracts for maintenance work.

Progeni, he admits, has done no work explicitly relating to navigation and sensing of this type before, but "some of the

work we've done on control systems and communications (such as the alarm-sensing network for the Melbourne fire brigade) is in the same area" and will doubtless be helpful.

Harpham also sees some valid experience coming from the Poly school computer project, which involved Progeni people in the techniques of image and text representation on raster (television-like) visual display screens.

The offset scheme, designed to give work to New Zealand companies from Government-awarded contracts, is now paradoxically being explored by companies with an overseas base, particularly in the computer area.

Firms like the Computer Sciences consultancy and bureau have formed New Zealand subsidiary companies with an explicit intention of applying for offset contracts.

The Trade and Industry Department confirms that there is nothing to stop such companies applying for offset contracts and being awarded them, providing it brings overseas experience and overseas funds to New Zealand and supplies some work for New Zealanders.

Computers in the office

DATA PROCESSING

Datapoint force in distributed, integrated markets

WITH a strengthened local presence and major presentations organised for its latest products, Datapoint is gearing up to become a big local force in the distributed processing and integrated automated office markets.

The United States-based company has already scored its first local coup on the distributed processing side. Its victory over IBM for the State Insurance network carries the

promise of several further Government contracts, virtually automatically (NBR, August 24).

The company can fairly claim to have been first with the "local area network" concept — the dispersal of information processing and information storage resources around a local suite of offices to be shared among a number of users.

But Datapoint's Attached

Resource Computer concept has until now had some awkwardness in its interfaces, with a separate operating environment (DOS) in each machine and another (ARC), to run the network.

Processors under ARC have, to date, been specialised as applications or resource processors; the former dedicated to pure processing, with no local storage or peripherals, and the latter handling the storage and peripheral functions entirely.

With the new 8800 processor and RMS operating system, ARC now appears a lot more integrated. The RMS software covers both network and internal processor control. This simplifies the user interface with the machine, allowing any user simply to have access to files, programs and peripheral devices anywhere on the system.

In practice, the user will predefine one or more "environments", within which he or she wishes to work. The environment is an image of computer system elements which may be widely dispersed throughout the building, but appear to the user as his or her own local computer system.

The 8800, Datapoint's largest processor to date, carries on the ideal of flexibility. It can be used as a stand-alone processor, or as an applications or resource processor within an ARC network.

Much of the processor's internal circuitry can be customised to suit the user's needs in peripherals and communications.

Datapoint has already established its Integrated Electronic Office System as a force in the integrated information

market; the addition of two new PARXs in conjunction with the newly flexible ARC greatly extend this capability.

The trouble with the information received by the typical decision-maker is not only its volume, but the fact that it comes from so many different sources — paper, telephone, and now the visual display screen, said Datapoint NZ manager Eddie Tracey.

The ability to connect the new exchanges with the ARC system brings closer the concept of a single information point. A display can be attached to the telephone line in the normal manner, but from there can give access to the entire network.

The display can warn the executive in advance who is on the other end of a telephone call, and the call can be

"denied" by pressing a button, or can be rerouted to another office.

Already the new exchanges can store and forward, route and monitor digital messages, and storage of voice messages is not far away, a spokesman said.

The current range is clearly fertile ground for "multi-media" terminals of the Xerox Star type, for teleconferencing and all the other panoply of the automated office.

Since earlier this year, when Datapoint took over 90 per cent of Sigma Data, it has been clear that the Datapoint presence in the local market would become a good deal more evident. While in most other countries, there will still be a small force selling Sigma products independently of Datapoint, the Sigma presence in New Zealand has been totally absorbed.

IBM Displaywriter extensions near

EXTENSIONS to the IBM Displaywriter, released in the United States in May, could be nearing a local announcement.

The enhancements will give IBM's small word-processing machine something of the "records processing" capabilities of the older and more expensive Office System 6 range, plus a good many more facilities in standard report preparation, which give the word-processing operator's task something of a programming element.

Records processing covers the simple creation, update and retrieval of office records, together with the use of such records to insert variable information into passages of text.

An increasing number of word-processing suppliers are getting into the act with something similar, allowing the word-processing operator to take on some of the small tasks which would previously have been run on the computer — if the DP staff had the time to program them.

While the office staff might be accused of treading on the



DP department's toes by assuming such tasks, they might also be seen as taking some of the burden off their shoulders.

At about the same time, NBR believes, IBM may announce some of the promised communications enhancements for the Displaywriter, integrating it more fully with the company's main lines of computers.

Even support for its standard future communications discipline, the Systems Network Architecture, could be on the horizon.

Filing Headaches?

Take one Kodak IMT-150 for instant relief.

We don't have to tell you how monotonous and time consuming filing can be. Nor do we need to mention the importance of having systemised, accurate records of business activity. But what we can tell you, is now through the help of a Kodak IMT-150 MICROIMAGE TERMINAL you can operate a super efficient records recall system without any of the headaches of a conventional system.

- The Kodak IMT-150 MICROIMAGE TERMINAL comes fully equipped with a photographic memory capable of storing and retrieving multiples of 10,000 separate documents in seconds. (Freeing your staff to get on with more pressing business.)

- The IMT-150 is capable of reprinting all the material it retrieves. (In terms of time saved, a definite advantage.)

- The IMT-150 is designed to link up with existing computers. (Streamlines the recording and retrieval of information to the point of peak efficiency.)

There's no doubt about it. The new Kodak IMT-150 will be solving more than its fair share of filing headaches now and for a long time to come. For full details complete the coupon.

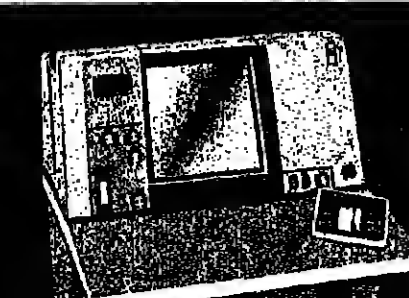
The Sales Manager,
Business Systems Marketing Division,
KODAK New Zealand Limited,
P.O. Box 1192, Auckland,
Phone 776-955.

Please send me further information on the Kodak IMT-150.

Name

Address

Kodak



SAVE 25% SUBSCRIBE TO NATIONAL BUSINESS REVIEW NOW.

When you subscribe to National Business Review you keep tabs — 48 weeks a year — on New Zealand politics, business, the money market, overseas trade, unions, transport and a score of other fields. The award-winning team of NBR journalists and correspondents — with their probing investigative features and first-with-the-news enterprise — have made National Business Review the liveliest, most-talked-about and most authoritative business, economic and political publication in New Zealand. Newstand price for National Business Review (\$48.00) and companion publication NBR Outlook (the twice-yearly special devoted to detailed analysis of important national issues) is \$53.00. Subscribe now for just \$40.00 — and save 25 per cent.

National Business Review/NBR Outlook cover price \$53.00. subscription price \$40.00.

To take advantage of the NBR subscription offer, simply fill in the Fourth Estate Subscription Service coupon elsewhere in this issue.

FOURTH ESTATE SUBSCRIPTION SERVICE

To subscribe to or purchase any of the newspapers, directories or books published by the Fourth Estate Group simply fill in and post the coupon below. Please make out cheques as indicated (overseas postage rates on request). If two different companies are indicated for multiple purchases, please make out cheque to Fourth Estate Group, P.O. Box 9344, Wellington.

(Please ✓ where appropriate)

- ☐ I/We enclose \$40 for one year's subscription to *National Business Review*. ☐ Please bill me/us.
- ☐ I/We enclose \$85 for one year's subscription to *The Capital Letter*. ☐ Please bill me/us.
- ☐ I/We enclose \$5 per copy plus 50 cents postage for copies of *The Office Book*.
- ☐ I/We enclose \$40 per copy for copies of the *World Leasing Yearbook*.
- ☐ I/We enclose \$50 per copy plus \$3 postage for copies of the 22nd edition of the *New Zealand Business Who's Who*.
- ☐ I/We enclose \$160 for one year's subscription to *New Tech*. ☐ Please bill me/us.
- ☐ I/We enclose \$7.50 per copy plus 50 cents postage for copies of *The Money Book*.

Name

Address

Occupation

Signature

Comparing the Philips P5002 with other word processors would save you a lot of trouble.

For a start, which processor to buy would be easy. And if it wasn't the Philips P5002, we'd be very surprised.

But we're biased. You're not. Even so, we ask you to make a detailed feature-by-feature comparison of the P5002 and any other word processor.

Unfortunately, advertising regulations prevent us from making such a comparison here. But please call your nearest Philips office, or fill in the coupon.

We believe our word processor is so good you'll find up as biased as we are.



We want you to have the best

PHILIPS

Post this coupon for further information on the P5002 Word Processor or the Philips range to:
Philips Electrical Industries
DATA SYSTEMS
P.O. Box 41021
Mt Albert, Auckland
P.O. Box 2097
Wellington

Name

Address

Telephone

or simply telephone Philips Data Systems, Auckland 894 180 or Wellington 858 859 to arrange for a consultation.

DATA
PROCESSING

Qantel 'vertical' specialisation suits CCL's marketing

QANTEL's increasing attention to narrow specialist applications markets for its small computers will continue locally a trend already established by New Zealand agent Computer Consultants Ltd.

CCL has long been marketing packages to the legal and sharebroking professions, and a reminder of this made Qantel senior vice-president Dallas Talley modify his comment to NBR that distributors had not yet arrived at the "ver-

tical market" approach.

Vertical marketing makes sense to both supplier and customer in terms of saving costs on increasingly expensive software modification. The more standard an industry or profession's practices, the more completely they are catered for by a standard software package.

Qantel's own narrow market approaches have been in different areas from CCL's, ranging from retailers to professional football teams.

But the first of the specialist attacks to be imported here coincidentally approaches a market already attacked by CCL with its own package — manufacturing.

"Hardly what you would call a 'vertical' market," Talley admitted, but a market with its definite and relatively standard needs in information processing — scheduling, order planning, materials requirements calculation, work-in-progress monitoring and so forth.

Naturally, with any manufacturing package there are facilities for the user to define the components and practices of their business, but not to meddle with the program itself.

As part of the narrow-market, standard-package philosophy, Qantel does not give the user the source code — the relatively understandable statements in which the program was originally written.

This prevents unauthorised changes to the package, but

also makes it more difficult for the user's own DP staff to fix any problems which occur.

Qantel has, therefore, set up remote servicing facilities, like those introduced by Burroughs (NBR, September 7) and IBM, allowing the vendor's servicing staff to "tap into" the user's machine through a telephone line, or to duplicate his problem on their own machine, and work out a remedy.

CCL staff are already under training with a view to setting

up a similar facility in Wellington late this year, said director Tim Cullinane.

CCL is committed to selling Qantel's QMRP manufacturing package, but the company's QMRP software manager Steve Bralley will visit the United States soon to examine Qantel's other "vertical market" packages.

QMRP approaches to a large extent the same market as CCL's own manufacturing package, QMAS, but Cullinane expected that "there will continue to be some functions which QMAS can handle but QMRP can't". QMAS, he pointed out, had over 100 front-line product of CCL, because of the degree of software support required.

Qantel's package includes modules to plan the efficient acquisition and use of materials and other resources, to schedule and track jobs through the plant, produce appropriate documentation and allow both manufacturing and marketing staff to keep track of how well orders are being met.

QMRP can be hooked into Qantel's Qicplan package for additional front-end planning and "what if" capability — the ability to predict the consequences of a planned or expected change in circumstances.

Since its release in the US last October, QMRP has enjoyed striking success, as Talley expects manufacturing to account for 10 per cent of the company's United States customers in the next financial year, he told NBR.

Healing
goes
in-house

WITH its diverse interests in paint, chemicals, electronics and, its most familiar product — cycles, Healing Industries has reached the point where it considers an in-house computer system essential.

To date, Healing has processed creditors, private ledger debtors, sales and stock information in batch mode, on a Burroughs machine belonging to nearby Sonata Laboratories. Its only in-house computer capacity was a "small Hewlett-Packard" machine running production control sequences for its paint manufacturing operations.

An AWA Reality system provides on-line processing of orders and updating of records, both of raw material and finished goods, debits and balances and sales analysis. On the stock front, the system would be particularly valuable, said company secretary John Murray. "It means we will be able to automatically gauge requirements and know how much we have, raw materials, if we have raw materials available to produce a particular range of finished goods."

"Most important, the system will allow Healing to improve profit margins on all its products," he said. "Until now, we've only been able to do this with selected areas of our business."

On the production control system, Murray said, "it's a directly new feature that will handle all the production

Computer industry

Thinking big, in the modular fashion, of course

by Stephen Bell

COMPUTER people could hold the answer to the "think big/think small" problem besetting the nation's decision-makers.

The attraction of the big projects, naturally, is that comparatively few such schemes are needed to generate the large

amounts of exports and large numbers of jobs we need.

But large projects, the "anti" lobby points out, are also complex and inherently carry a higher degree of risk.

Such projects "take longer to carry out, and so extend further into the unknowable future" said economics lecturer Tim Hazeldine. "And they tend to represent a bigger break with past experience; with the knowledge embodied in previous undertakings."

All this will sound familiar to the computer boys; they faced the problem of large risky projects long ago. The answer lay in what is known to the trade as "modularity"; you develop the

computer system as a lot of small projects, substantially independently; you can even get a lot of people to work simultaneously on the separate small bits.

That tends to solve the unemployment problem; it's worthwhile noting that the computer industry is one of the few that actually has more jobs than people.

Then you hook the small projects together progressively into larger and larger chunks of finished development.

Thus the programmer who's only worked on "garden shed" programs before can truly contribute to a "think big" computer system. That solves the

problem about breaks with previous experience.

So the new slogan is "think modular"; or should that be "think modularity"?

Linguistic guru Noam Chomsky has been trying to persuade us for years that the modular way is the natural way we think anyway, and this is why language is constructed from assemblies and sub-assemblies.

This is not to say, of course, that they're not going to build an aluminium smelter out of bits and sub-assemblies. Of course they will. But the bits won't be usable bits until the entire installation is finished.

This is the real attraction of

program modularity, beyond manageability of the task and good design. Sometimes, with a suite of computer programs you can actually use the bits productively and even make some money out of them, before you hook the whole thing together; you don't have to wait years to start getting your paycheck.

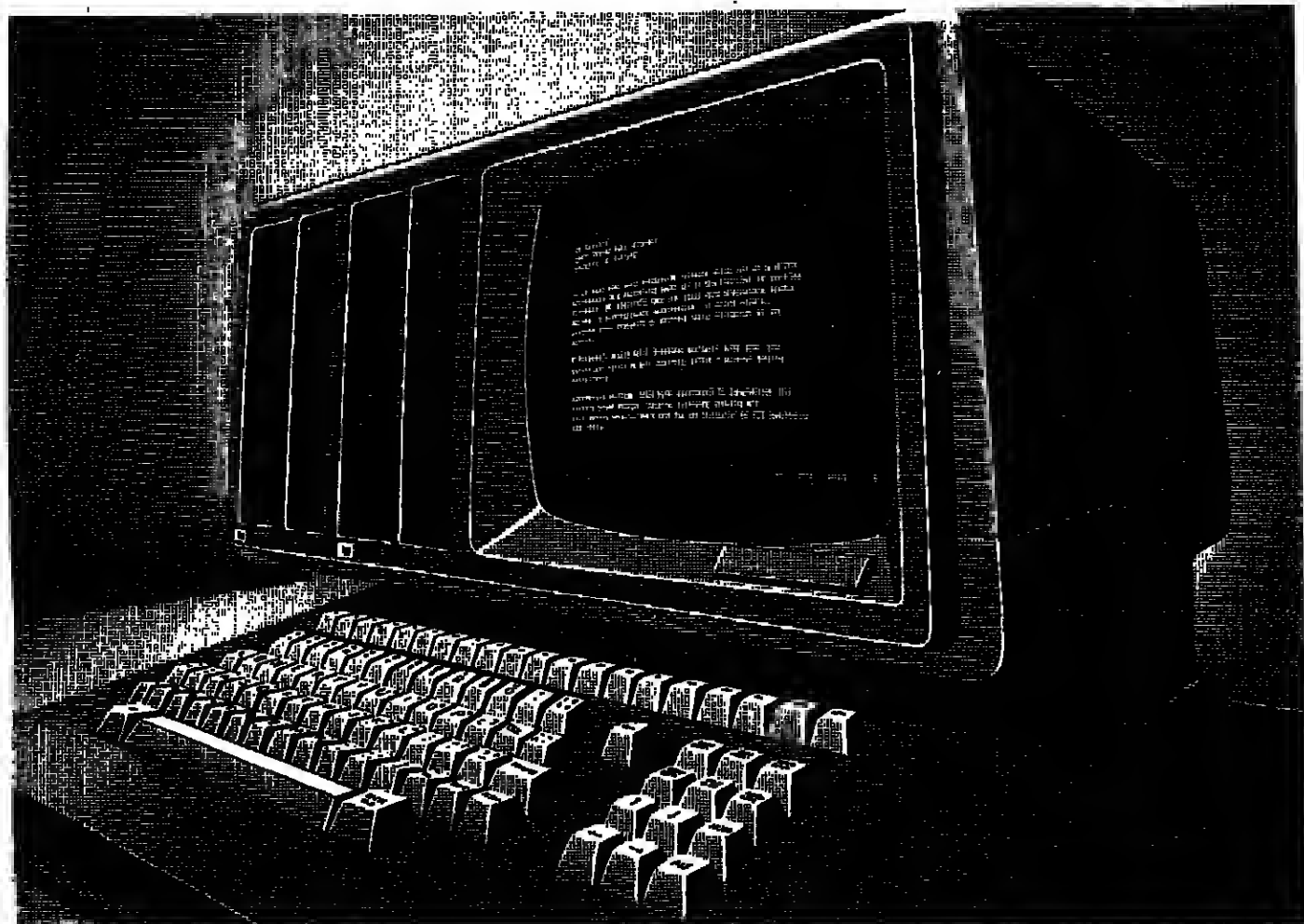
And there's no risk; by the time you've got round to assembling your total system, the components have been thoroughly tested under actual conditions and all the "bugs" have been eliminated.

Furthermore, should the demand suddenly alter and the company want to do something

different with the computer, bits of program can be slotted out in the course of development and new modules slotted in. I'd like to see them convert an aluminium smelter into a copper smelter in mid-development!

So that's what we need for "national development"; a nice set of small productive projects that will please the Schnnacher freaks, but so arranged that when they're looking the other way we can hook the outputs of one into the inputs of another and have a painless "think big" set-up.

Ask the computer people. That's the way it always works. Or does it?

What other Word Processor has won
three awards in the last three years?

Just Jacquard.

In 1978 AM Jacquard's remarkable Type-Rite word processing package won first place in the internationally recognised American Datapro Survey of shared logic word processing users. That same year Jacquard's multi-function J100 word end data processor also came in first — in the same survey.

And it did it again in 1979.

AM Jacquard's J100 multifunction system — and its stand-alone version, the J500 — are now available in New Zealand, exclusively through Challenge.

Unlike many other word processing systems which can only print one document in a background mode while the operator is working on another, the J100 and J500 enable the user to simultaneously communicate or print several documents while composing or editing other documents at the terminal.

And that's just one outstanding Jacquard feature. There's much more to AM Jacquard than we could hope to cover in an advertisement. So we've prepared a special brochure about it.

Get this free colour brochure on the world's most highly-acclaimed word processors.



Yes I want to know more about award-winning AM Jacquard word processors.

Jacquard Word Processors. Now available in New Zealand exclusively through

CHALLENGE
Computers Ltd.

Our business is making your business more efficient.

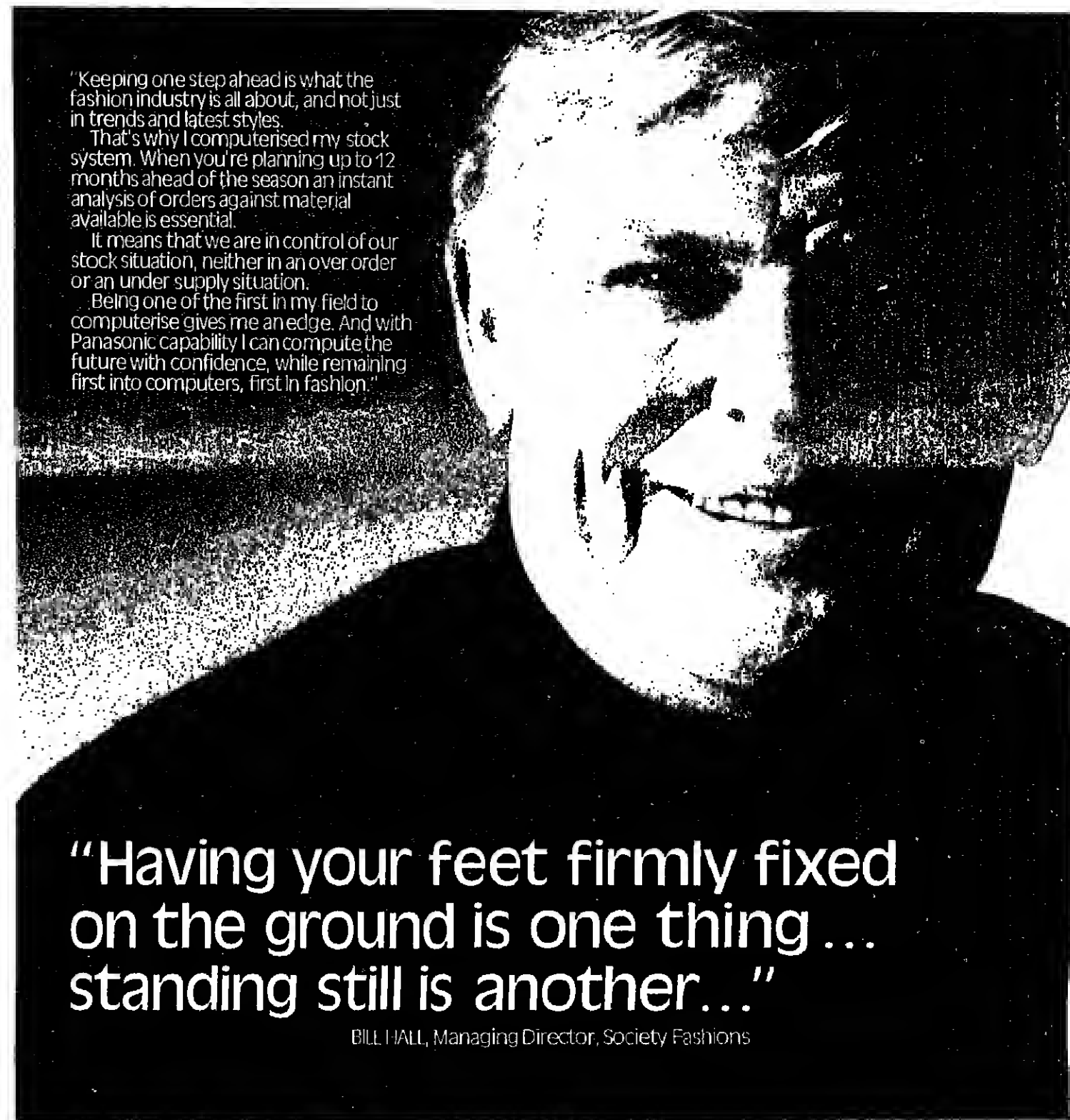
Marketing Manager
P.O. Box 3249
Wellington

Name

Address

Phone No.

GNAB



"Having your feet firmly fixed on the ground is one thing ... standing still is another..."

BILL HALL, Managing Director, Society Fashions



Panasonic
SMALL BUSINESS COMPUTERS

Priced from under \$10,000, or as little as \$85 per week.

INVESTMENT

- Tax Free Interest
- 10-14% Compounded
- Tax deductible contributions
- Lump sum or just \$20 per month
- Ph. 845-385 Wgtn

If you'd like to find out more about how Panasonic can meet your data and word processing needs, please attach a copy of your business card and mail to the address below, or call collect: Auckland 795-396.

THE MICROCOMPUTER ELECTRONIC COMPANY LTD

17 George Street, P.O. Box 824, Auckland. Phone: 795-396.
71 Adams Road, P.O. Box 605, Wellington. Phone: 41 559-713.

MEC in association with Fisher & Paykel Ltd.

BCA 3594/81